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# THE CIO-SWOC ATTEMPT TO ORGANIZE THE STEEL INDUSTRY, 1936-1942: A RESTATEMENT AND ECONOMIC ANALYSIS

by

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# CHAPTER I. INTRODUCTION

This is a study of union-management behavior during a union organization drive. This phase of union-management relations has not been the subject of formal economic analysis. An examination of the behavior of the participants in such an effort raises a fundamental question regarding the extent to which rational behavior,[1] as reflected, for example, in the consideration given to economic cost and revenue data, tends to dominate the decisions made.

The investigation of the organization effort to follow results in the development of a new method for analyzing the participants' behavior. The model contributes to the understanding of a neglected area in union-management relations, and serves as a vehicle for a more complete comprehension of other aspects of union-management interaction where conflict is involved.

## Methodology

In order to conduct the examination of behavior during an organization drive, an important union organization effort is investigated, and serves as the basis for the development of the model. The case selected is the Steel Workers' Organization Committee's, (hereafter called the SWOC), attempt to organize the steel industry from 1936 through the latter part of 1942.

The SWOC organization drive is particularly valuable for the development of a meaningful theoretical model for several reasons. First, it was

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[1]Additional clarification of the definition of rational behavior as used in this study is given on pages 6 and 7.

a drive of considerable significance in the history of the labor movement. Walter Galenson notes that,

> . . . if there is any single series of events in the labor history of this period which may be characterized as of momentous import, it is the organization of the steel industry. (1, p. 75).

Philip Taft has also alluded to the importance of the SWOC effort in an indirect manner when he observed of the CIO unions generally that,

> their successful organizing of many thousands of hitherto unorganized workers is an achievement that will rank high in the permanent records of labor. (2).

Second, the effort involved formidable opponents. The SWOC, as shall be shown, had a considerable amount of money and manpower at its command to bring the union to the steel industry. The steel industry also proved to have strong resources at its disposal with which to resist the organization drive. Robert R. R. Brooks observed during the organization effort that:

> For forty years, steel has assumed the leadership of the anti-union movement. As steel had gone, the nation had followed. If steel could be captured for unionism, resistance elsewhere might be broken. (3, p. 244).

Third, the firms in the steel industry, facing similar economic conditions, reacted to the organization drive in two distinctly different ways. One group of firms recognized the union promptly and peacefully while another group resisted the union's efforts with violence. These two types of behavioral reactions, taken as representative, reveal the alternatives open to firms when confronting an organizing effort.

Finally, the decisions made by the firms in the steel industry to recognize or to resist the union's attempts reflect considerations that may be described as both rational, in that cost and revenue considerations played a dominant role in the decision process, and irrational or non-rational in

that such fundamental data did not appear to influence behavior. For example, John Dollard, in discussing the union and the firms that chose to resist the organization drive has stated that ". . . undoubtedly, irrational aggression was present on both sides." (4, p. 113). To the extent that the behavior thus demonstrated was dominated by rational and irrational or non-rational characteristics, and to the extent that this is representative of influences affecting union and management behavior during such a drive, the selected case is of specific value to the economist in his effort to understand such behavioral conflict.

The case method used in this study is ex post. Some thirty-one years have gone by since the beginning of the SWOC effort. The historical record may now be viewed more dispassionately and objectively than might have been possible when the event was taking place. The economist may take advantage of the accounts of the organization attempt in an effort to discern with greater clarity those forces that influence behavior in such an endeavor. This is not to say, however, that such an approach is without important disadvantages. The most important of the disadvantages is that the historical record may be biased and incomplete. Such shortcomings should not unduly detract from the merit of ex post investigations. The analysis of historical data provides the economist with what is perhaps his only vehicle for determining the degree to which economic models of behavior fit the facts. Additionally, such analyses permit the scholar to better understand contemporary and future events of a similar nature.

## Procedure and Limitations

In order to conduct the investigation in a rigorous fashion, this study: (1) will review the history of the SWOC organization drive in the

steel industry; (2) will make an institutional analysis of the organization effort with the object of delineating all the important influences bearing on the effort; (3) will examine available data on the immediate cost of the organization campaign and will determine, to the extent possible, whether such an organization effort could be described as economically rational; and (4) will develop a theoretical analysis of the behavior demonstrated during the drive in order to better understand such behavior.

This study does not pretend to be an exhaustive examination of all the historical records of the SWOC organization effort in the steel industry. The writer has summarized the principal events between 1936 and 1942, emphasizing the institutional factors that appear to have played a decisive role in the endeavor. This compendium serves as a basis for a methodical institutional and theoretical analysis of a union organization drive.

Available data do not permit making an authoritative estimate of the immediate cost of the organization effort. Evidence will be developed to show that it is inherently difficult, if not impossible, to establish the exact cost of <u>any</u> union organization attempt. Enough evidence exists, however, to make an approximation of the cost and thus permit a qualified answer to the question as to whether such an organization effort is economically rational.

Finally, the theoretical model developed from this study is seen as applying specifically to the organization phase of union-management relations. No effort is made to apply the model to other aspects of union-management behavior. It may be that the model would prove useful in examining other areas of the relationship, but such an extension is not the immediate concern of this study.

## Definition of Terms

The writer has no intention of assigning new or particularly unique definitions to terms used in the study. The writer does use terms, however, that in his experience are subject to misunderstanding or misinterpretation. It is useful to clarify their meaning prior to the analysis.

The term "rational behavior" as it is used to describe activities in economic models is subject to such misunderstanding. Rational behavior has been described by Kenneth Arrow (5, p. 137) as being ". . . maximization of some sort. . . ." Abraham Kaplan notes that,

> rational behavior, that is to say, is characterized as the selection of the strategy which minimizes the maximum loss each player can sustain. (6, p. 84).

Thomas C. Schelling has observed of rational behavior that it is not only intelligent, but is

> . . . motivated by a conscious calculation of advantages, a calculation that in turn is based on an explicit and internally consistent value system. (7, p. 4).

Schelling also notes that rational behavior is ". . . a calculating, value -- maximizing strategy of decision . . . ." (7, p. 17). Oskar Morgenstern defines individual rational behavior as that act of

> . . . judging quantitatively any situation in which he may be placed so that with his information he can assure himself of the maximum gain or utility. (8).

These representative examples of definitions of rational behavior indicate the general meaning of such behavior in contemporary economic analysis. Upon examination it is seen that there are several elements involved in these definitions. There is a direct association between rational behavior and a maximizing or minimizing process. This is a common association, for in economic theory generally,

> everyone is presumably maximizing something -- land owners, labor, and capital maximize income; consumers maximize utility; and (at least in welfare economics) the society as a whole maximizes aggregate satisfactions. This economy-wide effort to maximize is presumably greatly facilitated by perfect knowledge, perfect rationality, perfect mobility, and appropriate rules of the game. (9, p. 53).

It is also seen from the above definitions that rational behavior is taken to mean the conscious calculation of the merits of an activity, the quantitative judgment of any situation, and there is the requirement that such a calculation or judgment be based on an explicit and consistent value system. The inclusion of all of these elements into a definition of rational behavior would be valid on the basis of the above evidnece, but a more specific one is preferred. In addition, it is useful to distinguish between rational behavior as it applies to the firm and rational behavior on the part of the union.

Rational behavior by the firm is defined for this study as meaning a conscious quantitative evaluation of economic data done with the intent of maximizing or minimizing some stated objective function. The objective function to be so maximized or minimized is assumed to mean in this study either the maximization of profit, sales, or revenue, or the minimization of loss or dollar cost. The identification of the objective function with money is not unusual when speaking of firms. John von Neuman and Oskar Morgenstern make a similar association in game theory when they note that, ". . . we ascribe to all players an exclusively monetary profit motive." (10, p. 47).

The union is a non-profit organization. The definition of rational behavior by the firm would be inaccurate and misleading if it were applied to the union. It has been emphasized by Arthur M. Ross (infra p. 125) that

the institutional needs of growth and survival are of great importance to the union. These needs constitute the appropriate objective function of the union. It is thus reasonable to define rational behavior by the union as being that behavior which is primarily concerned with and directed toward the growth and survival of the union.

Irrational or non-rational behavior is a term frequently used in the analysis. It is also subject to misunderstanding. To a large extent, irrational or non-rational behavior could mean just the converse of rational behavior. For example, Schelling notes of irrational behavior that it

> . . . can imply a disorderly and inconsistent value system, faulty calculation, an inability to receive messages or to communicate efficiently; it can imply random or haphazard influences in the reaching of decisions or the transmission of them, or in the receipt or conveyance of information; and it sometimes merely reflects the collective nature of a decision among individuals who do not have identical value systems and whose organizational arrangements and communication systems do not cause them to act like a single entity. (7, p. 16).

Perhaps an even more rigorous definition of irrational behavior could be derived from the composite definition of rational behavior presented above. That is to say, irrational or non-rational behavior could be said to exist whenever the individual's or institution's behavior fails to incorporate all of the elements associated with rational behavior. On that basis, an absence of maximization, minimization, conscious calculation, quantitative judgment, or lack of an explicit and consistent value system, either singly or in combination would indicate that some irrational or non-rational characteristics were present in the behavior. In a general sense, such a definition is appropriate for this study. There is a need, however, for greater specificity in the definition. Again, a distinction is drawn between the firm and the union.

Irrational or non-rational behavior by the firm is defined for this study as a lack of conscious quantitative evaluation of economic data, or a lack of intent to maximize or to minimize some stated objective function. Again, the objective function to be affected is either the maximization of profit, sales, or revenue, or the minimization of loss or dollar cost.

Irrational or non-rational behavior by the union is defined as that behavior not primarily concerned with and directed toward the growth and survival of the union.

The foregoing definitions of rational and irrational or non-rational behavior for firms and unions clarify the meaning of the two terms most likely to be misunderstood. Other terms will be defined as they occur in the analysis since it is not anticipated that they will be as subject to misinterpretation.

## Evaluation of a Related Analytical Technique

It has been noted that union-management behavior during an organization drive has not been the subject of formal economic analysis. This is not to say that there are no models that deal with some aspects of such behavior. The organization drive is, after all, a situation involving cooperation and conflict. Some firms cooperate with the union by recognizing it with a minimum of difficulty. Other firms choose to resist the union's efforts by engaging in conflict with the union.

There is one prominent body of analysis that specifically deals with behavior in situations of conflict, and that is the theory of games. It will be demonstrated, however, that there are at least three, and possibly four characteristics of the theory of games that make it inadequate for use in the understanding of conflict behavior in the organization phase of union-management relations.

First, the theory of games is a normative theory. That is, the theory either explicitly or implicitly describes a pattern of behavior that <u>should</u> be followed in order to minimize maximum losses or maximize minimum gains. It is not at all clear that the theory explains what does in fact occur during conflict situations or, more specifically, the sort of behavior found in union organization efforts. Support for this view is given by Professors Churchman, Ackoff, and Arnoff (11, p. 520) when they observe of game theory that "it is concerned with the procedure and principles by which plays <u>should</u> be selected." (Emphasis mine.) Martin Shubik makes a similar observation when he notes of two-person games that the theory ". . . provides a normative theory as to how to play." (12, p. 18). Shubik states elsewhere that,

> it is the belief of students and advocates of game theory and decision theory that individuals should consciously attempt at least to consider their problems in terms of alternative strategies. Although it is recognized that exhaustive search of alternative strategies is more or less impossible, political, diplomatic, and military decision making may be assisted and possibly improved by the formal structuring of alternative paths of action. (13, p. 29).

Morgenstern (8) also alludes to the normative nature of game theory when he observes,

> I shall now state what the fundamental problem is: We wish to know how the individual, pursuing his maximum interest, should behave on all types of markets. (Emphasis mine.)

Support for the view that game theory is, therefore, not necessarily concerned with what does or has occurred in conflict situations is given in the following observations. Richard E. Walton and Robert B. McKersie have stated of game theory that "the solutions, however, fall short of persuasiveness when applied to real-choice situations." (14, p. 47). Schelling has also noted of game theory that "whether the resulting theory provides good or poor insight into actual behavior is, I repeat, a matter for subsequent judgment." (7, p. 4). Finally, Shubik notes of game theory that "it is not easy to show that the models are relevant, and it is even less easy to establish that they are right." (13, p. 70). It is thus evident that game theory does establish behavioral rules that should be followed in conflict situations, and that it does not necessarily describe what does happen or what has happened in actual conflict situations.

A second shortcoming inherent in the application of game theory to the organization phase of union-management relations concerns the behavioral assumptions required by the theory. Game theory fundamentally assumes rational behavior by the participants in the conflict. Shubik substantiates

this point when he notes that,

> much of the work in political and economic theory and in the theory of games has been based on the concept of the rational utilitarian individual. He is often implicitly or explicitly assumed to be confronted with known alternatives which he can evaluate, for he possesses a fully known, infinitely sensitive preference system. His roles as social, psychological, poetic, or heroic man are often completely suppressed in the abstraction. (13, p. 59).

Additional clarification as to the meaning of rational behavior as used in the theory of games may be obtained from the variety of such definitions quoted in the section on definitions in this study. It is noted that each of those definitions was made by scholars who were speaking of game theory.

The assumption of rational behavior made by game theory would not be particularly critical as long as such an assumption could be safely made about union-management behavior during an organization effort. Kaplan (6, p. 83) notes, for example, that,

> games are analyzed because the pattern of rational behavior that they exhibit is the same as that manifested in social action, insofar as the latter does in fact involve rationality. (Emphasis mine.)

It is thus observed that if irrational or non-rational behavior is evident in the actions of the parties to an organization drive, game theory is not in and of itself, an adequate vehicle for analysis.

To the extent that game theorists see their rational participant as engaging in maximizing and/or minimizing behavior, it is further noted that such an assumption is not regarded to be in every way appropriate for analyzing union-management relations. Kenneth E. Boulding has observed that labor economists, in their efforts to formulate a model of union behavior, ". . . have not found the principle of maximization particularly useful." (15, p. 35). The study of the actual behavior of labor unions indicates

that it is not meaningful to assume ". . . that they wish to maximize some objective maximand. . ." (15, p. 36).

A third characteristic of game theory that makes it unsatisfactory as a device for analyzing the union organization effort is its static nature. John von Neuman and Oskar Morgenstern, in discussing the nature of game theory, observe that, ". . . our theory is thoroughly static." (10, p. 44) They also note that "a static theory deals with equilibria." (10, p. 45). Shubik noted sometime later that "much of game theory has been presented in a basically static framework." (13, p. 29).

The union organization drive is a dynamic effort. The resulting conflict or lack of conflict is continuously affected by the dynamics of the participant interaction that takes place. That is to say, a study of the organization drive must be concerned with disequilibria. The analysis must focus on situations in which there is change and where such change causes movements far away from an equilibrium. The game theorist is not unaware of the dynamics involved in conflict behavior.

> Political and social behavior are best studied in the context of ongoing processes. For this reason, extreme care must be exercised when going from the study of the normalized form of a game to the dynamics of the process it is purported to portray. (13, pp. 29, 30).

It is seen, therefore, that in order to have a more complete understanding of the union organization effort, a model that can adequately cope with disequilibria is needed.

There is a possible fourth characteristic of game theory that hinders its usefulness in analyzing the conflict involved in a union organization drive. It will be shown that the conflict that results from the union organization drive studied is best described as a situation of total war.

That is, both the union and management were goal-oriented and virtually all the considerations as to tactics were dominated by this goal orientation. This is frequently the case in a union organization drive. The union has only one acceptable goal -- the organization of the labor force. The firm that does resist has at best two goals both of which are unacceptable to the union. The firm may attempt to institute a company union or it may try to remain outside the union fold. These respective goals are in obvious conflict. Schelling (7, p. 15) notes of his use of game theory that,

> the theory degenerates at one extreme if there is no scope for mutual accommodation, no common interest at all even in avoiding mutual disaster; it degenerates at the other extreme if there is no conflict at all and no problem in identifying and reaching common goals. (Emphasis mine.)

It is observed too that if there is total cooperation, game theory does not apply. That is, it does not specifically apply where the participants have what may be called a common goal. When firms do recognize the union, there is some apparent agreement in goal selection though it may well be for different reasons.

It has been shown throughout the discussion above that the stated inadequacies of game theory are recognized by the game theorist. The game theorist has also observed that the theory does not in fact have a necessary and universal application to all the variety of behavior in conflict. It is observed, for example, that,

> . . . many examples of political, social, or other human behavior do not fit easily into the current framework of game theory and call for more modifications or other approaches. (13, p. 10).

The game theorist also points out that the assumptions of game theory are ". . . not adequate in political science and in general when we wish to

examine decision making." (13, p. 57).

It is apparent that game theory is not without shortcomings at this stage of its development. The normative nature of the theory, the requirement of rational behavior, the static nature of the theory, and its possible lack of usefulness in examining complete goal conflict, limit its usefulness. Behavior in a union organization effort, as will be shown, is not necessarily governed by what should be, nor is it necessarily rational in the game theory sense, and it is definitely dynamic. A formal analysis of union-management behavior during an organization drive must, therefore, allow for more deviations from some "standard of behavior" than game theory can permit. The scholar is reminded that,

> the complexity, machinery, pomp, and apparent high scientific powers of game theory, computer techniques, simulation, and gaming are no substitute for substantive knowledge. Furthermore, there is a danger that a false sense of accuracy and precision will lead to a misemphasis in the study of political, sociological, or psychological problems. (13, p. 69).

Behavior during a union organization drive is seen then as a neglected area of study. An analysis of behavior during such an effort contributes to an understanding of union-management relations. While the ex post method used in this study has the stated deficiencies, it is apparent that this approach can serve as a meaningful vehicle for the development of a new framework for analysis. The new approach thus developed will avoid at least some of the shortcomings of the game theory method.

# CHAPTER II. THE HISTORY OF THE STEEL ORGANIZATION EFFORT[1]

## The AFL-CIO Schism of the 1930's

The split within the structure of the American Federation of Labor is one of the factors intimately related to the organization effort in the steel industry during the 1930's. It is of value to examine this division because it reveals the depth of the determination of some of the union officers discussed in the current study to institute industrial unionism in basic industries.

The American Federation of Labor had been troubled for many years with unrest over the issue of industrial unionism. The issue came seriously to the forefront in the early 1930's. John L. Lewis was the acknowledged leader of the proponents of industrial unionism.

In 1934, the issue of industrial unionism was brought before the convention of the AFL meeting in San Francisco. The industrial union forces wanted the AFL to support the industrial union form of organization. There were fourteen resolutions concerned with industrial unionism introduced at the convention (24, pp. 581, 582). The resolutions were referred to the Committee on Resolutions for their consideration. The Committee in turn reported out a resolution that could be interpreted as being favorable to either the industrial union forces or the craft union interests (18, pp. 206, 207). The convention voted unanimously to accept it.

The 1935 convention of the AFL in Atlantic City resulted in the indus-

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[1] A number of sources were relied upon for this review of the union organization effort in the steel industry. The principal sources were 1; 16; 17; 18; 19; 3; 20; 21; 22; and 23.

trial union dispute gaining additional attention. The industrial union forces felt that there had not been sufficient progress by the AFL and its Executive Council in instituting the industrial union form of organization. Resolutions protesting the lack of progress were introduced at the convention by the industrial union group. Again the Committee on Resolutions was handed the problem, and this time the Committee submitted two reports to the convention. The majority report supported the craft union group and urged the convention to uphold the craft union structure. The minority report, which was signed by six members of the Committee including John L. Lewis, C. P. Howard, and David Dubinsky, called for unrestricted industrial unionism. The majority report was accepted by the convention.

On November 9, 1935, a conference called by Lewis met to form the Committee for Industrial Organization. Representatives of the following unions attended: the United Mine Workers, (John L. Lewis); the International Typographical Union, (Charles P. Howard); the Amalgamated Clothing Workers, (Sidney Hillman); the International Ladies' Garment Workers' Union, (David Dubinsky); the United Textile Workers, (Thomas F. McMahon); the Hatters, Cap and Millinery Workers' Union, (Max Zaritsky); the Oil Workers, (Harvey C. Fremming); and the Mine, Mill and Smelter Workers, (Thomas H. Brown). (1, pp. 3, 4). The Committee for Industrial Organization selected Lewis as president, C. P. Howard as secretary, and John Brophy as director.

On November 23, 1935, Lewis resigned as one of the vice presidents of the AFL. On this same day the president of the AFL, William Green, sent each member of the CIO a letter warning against the continuance of the Committee since it was, in his eyes, forming a dual union. While Green was not entirely unsympathetic with the cause of industrial unionism, he was

compelled to support the historic position of the Compers group. In the minds of the Compers group ". . . to foster dual unionism was perhaps the one unforgivable sin in a labor organization, and the only fit punishment was ruthless suppression." (16, p. 8). Both Lewis and Howard replied that it was not the intent of the CIO to upset the AFL organization.

The members of the CIO were by no means unanimous with respect to how deep they wanted the breach between the CIO and the AFL to be. At least three of the original members of the CIO wanted to be extremely cautious in any industrial union organization attempts. Sidney Hillman, who generally supported Lewis' position, ". . . urged that the CIO confine its organizing efforts to the automobile and rubber industries, and stay out of steel and radios." (1, p. 9). David Dubinsky and C. P. Howard also urged caution. Lewis, however,

> . . . was filled with a sense of urgency, believing that the time was ripe for extension of organization into the mass production industries, fired, no doubt, by the success with which the Miners' Union had used the favorable political climate swiftly to organize the coal mining industry in 1932. (1, p. 6).

It is apparent that this difference of opinion did not seriously inhibit the industrial union cause.

> The founders of the CIO were held together in the initial stages by the conviction that the crying need of the time was organization of the mass production industries, and that this could be achieved only through industrial unionism. All considerations of tactics were subordinated to this central purpose, and even such strong men as Hillman and Dubinsky were willing to bow to Lewis' judgment because they regarded him as an ideal instrument for effectuating a basic trade union purpose which they well realized could not be accomplished on their own. (1, p. 9). (Emphasis mine.)

In January of 1936, the Executive Council of the AFL met. The CIO had already begun to publicize the cause of industrial unionism. The Executive

Council saw this as a threat that had to be met with some sort of disciplinary action. William Green noted that the constitution of the AFL did not give overt authority to the Executive Council to discipline affiliates through a suspension procedure, and that a two-thirds vote of the convention was needed to revoke an affiliate's charter. Seemingly frustrated by the constitutional limitations, the Council merely issued still another statement calling for the dissolution of the CIO. A committee was appointed to meet with the CIO unions to present the views of the Executive Council.

The CIO leaders met on February 21, 1936, and replied to the January statement of the AFL to the effect that they did not intend to act as a dual body. They also indicated their willingness to meet with the committee appointed by the Executive Council. The CIO leaders, however, wrote a letter to Green at this meeting. In the letter the CIO agreed to pledge $500,000 and the services of trained organizers for the organization of the steel industry if the AFL would raise an additional $1,000,000 for this purpose.

When the AFL Executive Council met again on May 5, its attorney argued that the Council could adopt rules governing suspension procedures since the constitution was silent on the matter. In addition, two letters were sent to the CIO. One letter to Lewis and other CIO representatives asked them to meet with the previously mentioned AFL committee. The other letter was sent to the chief executive officer of every CIO union, saying that the CIO was regarded as a dual union by the AFL and the CIO should, therefore, disband. Two weeks were given for a reply.

The AFL committee met with representatives of the CIO on May 19 at

which time the AFL group presented a demand that the CIO dissolve. The reply was not long in coming for on May 28, the CIO unions indicated that they would not quit the CIO.

Green made an additional effort to meet with the CIO when he invited each CIO union to meet on an individual basis with the Executive Council beginning July 8. Because the response to this invitation was not good, it was proposed that the Executive Council bring formal charges against the CIO and use such charges as the basis for a trial. The CIO unions were thus summoned to appear before the Executive Council on August 3, to answer the charges. Lewis quickly challenged the constitutionality of the trial.

None of the CIO unions appeared on the trial date and the trial was held in their absence. The next day the Executive Council adopted a resolution finding ten CIO unions guilty of dualism. The Council ordered either their withdrawal from the CIO by September 5, 1936, or their suspension from the AFL.

The CIO leaders met on August 10 and decided that they would not disband. They also decided to regard the action of the Executive Council as the equivalent of a decision by the convention and stopped paying their per capita tax to the AFL.

In a meeting on November 9, the CIO took one of the first open steps toward establishment of a rival federation. Having decided that compromise with the AFL committee was out of the question, Lewis persuaded the CIO to admit two more unions to the CIO, neither of which had a former affiliation

with the AFL.[1] The breach within the labor movement was formalized at the November 16 convention of the AFL when that body supported the suspension action of the Executive Council.

On March 9, 1937, the CIO met and adopted a resolution that authorized the issuance of certificates of affiliation to interested unions. In October, 1937, the first national conference of the CIO national union officers was held at Atlantic City. A message was sent to the AFL meeting in Denver requesting that unity conferences be resumed.

On October 25, 1937, representatives of the two groups met. Philip Murray was not present at the initial meeting, and no announcement of progress was to be made until the next day at which time he was expected to be present. The CIO group did not show up the next day. It appears that Lewis ". . . torpedoed the negotiations." (1, p. 42). "Lewis, it must be recalled, was not at all convinced that unity was a desirable objective." (1).

The breach became final when the AFL convention, meeting in December, 1937, granted the Executive Council authority to revoke the charters of the CIO affiliates. They did so in January of 1938. The schism, so long in coming, was formalized by the CIO on November 14, 1938, when it adopted its own constitution at its first constitutional convention.

It has been shown that John L. Lewis was determined to expand the industrial union form of union organization into other sectors of the economy. The steel industry was the most important of these relatively unorgan-

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[1]The two unions were the United Electrical and Radio Workers and the Industrial Union of Marine and Shipbuilding Workers. (1, p. 26).

ized sectors, as far as Lewis was concerned. An associate of Lewis supported this view when he observed that,

> Steel was the key to understanding Lewis' policy; the mine workers would never be safe until steel was unionized, which he was determined to do at any cost. Organization of the other mass-production industries was a by-product of steel. Thus Lewis and UMW, intent on steel, were driven to create the CIO, because there was no other way to get the job in steel done. (20, p. 249).

Lewis was willing to accept this division in the ranks of organized labor in order to achieve his goal: the organization of steel.

## The Influence of the Amalgamated Association of Iron, Steel, and Tin Workers

John L. Lewis was the key figure in the struggle to unionize the steel industry. Lewis set up the machinery for the formation of the Steel Workers' Organization Committee in April, May, and June of 1936. The SWOC was the first group to bring viable and durable industrial unionism to the steel industry. The SWOC was not, however, the first union to organize workers in steel. The Amalgamated Association of Iron, Steel, and Tin Workers, chartered in 1876, was the most prominent AFL affiliate in steel prior to the formation of the SWOC. Mike Tighe was the president of the Amalgamated at the time of the SWOC effort. The SWOC ultimately absorbed the Amalgamated. It is shown below that the Amalgamated can be directly associated with some of the poor union conditions in steel at the time of the SWOC effort.

The Amalgamated maintained a relatively good position in steel in the late 19th century. It had, however, appealed primarily to the highly skilled workers in the steel industry. Although eligible, common laborers were rarely admitted to local lodges (16, p. 97). Also, the Amalgamated

was not concerned with the conditions of non-union members (16).

One of the first important labor disputes involving the Amalgamated was the Homestead strike of 1892. By 1891, the Amalgamated had a membership of 24,068 and ". . . was the strongest trade union in the entire history of the American labour movement." (17, pp. 495, 496). Prior to 1891-1892, the Amalgamated had experienced good relations with the leading firm in the industry, the Carnegie Brothers and Company. However, when H. C. Frick became chairman of the company in 1889, relations began to deteriorate.

Early in 1892, the union and the company began negotiations for a new wage scale. Within a short time the company presented its proposed scale calling for a reduction and making the reduction retroactive to January of that year. By the end of May, the company presented an ultimatum that either the reduced scale would be accepted by the end of June or ". . . they would treat with the men as individuals." (17, p. 496). As the deadline approached, the company raised their offer by $1 per ton and the union lowered their demands by $1 per ton, but the respective offers were still far apart and no agreement was reached. The strike began on June 29, 1892.

While the negotiations were still in progress, H. C. Frick had made arrangements with the Pinkerton detective agency to furnish men to serve as guards during the anticipated strike. The Pinkerton guards were taken to the Homestead works on July 6 and there encountered the striking workers. A battle ensued in which the Pinkerton agents were finally driven off and quiet was restored. The state militia, having been called to Homestead, remained for a few months even though there was ". . . no more disorder of any sort." (17, p. 497).

The Homestead strike spread to other mills in Pittsburgh and in Duquesne where formerly non-union workers joined the union and went on strike. The strike was finally broken by the companies and the workers returned to their jobs as non-union men.

The effects of the strike on the Amalgamated were severe. The union lost its position in the Homestead works. The strike failure also resulted in the ". . . elimination of unionism in most of the mills in the Pittsburgh region." (17). The Homestead strike was significant in its effect on the union movement as a whole as well as on the Amalgamated because the steel union ". . . lost its control over important segments of the industry, and the labor movement as a whole had brought home to it the power of the modern corporation." (18, p. 80).

The changing economic conditions and structure of the steel industry during the 1890's also contributed to weakening the hold of the Amalgamated. The corporate merger movement was taking place, culminating in 1901 with the formation of the United States Steel Corporation. Formation of a company of this size had a considerable structural impact on unionism within the industry. The merger movement, epitomized by U. S. Steel, accelerated the development of new processes and techniques for steel production which caused ". . . the substitution of unskilled laborers for skilled mechanics." (16, p. 101). The Amalgamated had generally ignored the unskilled worker and thus was faced with the fact that it no longer had the support of a vast number of workers in the industry.

In its 1901 convention, the Amalgamated took formal note of the merger move and its union consequences. It was decided that all the mills of a particular company would be viewed as one unit and that if trouble devel-

oped in one mill, all the mills would be struck. This agreement was necessary because,

> . . . unless the union treated all of the mills in a combine as a single unit, there was nothing to prevent the combine from defeating the union by shifting work from union to non-union plants with no inconvenience to itself. (16).

The steel industry, particularly the newly formed U. S. Steel Corporation, while not desiring labor difficulty until all its financing was complete, did recognize that the Amalgamated was especially vulnerable to attack.

> They realized that time was on the side of the employer, that if the union were unable to establish itself before the United States Steel had solidified its financial position by disposing of its large block of securities, it would be virtually banished from the industry. (16, p. 102).

In the early months of 1901, bargaining that was taking place between the union and the American Steel Hoop Company and the American Sheet Steel Company broke down and a strike order was issued. Through the summer of 1901, the strike spread to other steel companies including the United States Steel Corporation. By the middle of August, the strike began to fail and by early September it was broken. Again, the Amalgamated suffered seriously.

> The union suffered a loss of 14 mills. The sympathetic strike was surrendered. Moreover, the union agreed neither to seek to extend its influence nor even to welcome workers joining on their own initiative. The right of discharge for union activities was given to the Companies, and union men had to agree to work alongside of non-union men. (16, p. 107).

The strike also had the effect of solidifying anti-union sentiment in the steel industry and resulted in steel's development of new anti-union policies.

As early as 1902, the steel industry, led by the United States Steel Corporation, began to develop new programs and policies for employees that

would hinder further union efforts. In 1902, for example, a profit sharing plan was introduced. This was followed by an extensive employee safety program, accident relief payments, a pension system, and a variety of other employee benefit programs. Indeed, "the United States Steel Corporation led the country in industrial safety and stood in the front ranks of welfare work for employees." (16, p. 139).

The Amalgamated, in the meantime, continued to experience additional setbacks. It was defeated in a strike with the American Steel Hoop Company in 1904, and lost all its mills in 1909 that it had organized in the American Sheet and Tin Plate Company. By 1910, U. S. Steel and Bethlehem were no longer unionized. No serious attempts were made by the union to organize them until the World War I period. The Amalgamated's "membership had fallen to 6,880 in 1913 and even during the stimulus of war production rose only to 19,002 in 1917." (3, p. 35). This period of union weakness had an effect on the leaders of the Amalgamated for they had ". . . been stamped with the caution and defeatism which became their identifying characteristic for the following twenty years." (3).

In the spring of 1918, William Z. Foster, a delegate to the AFL convention representing the Chicago Federation of Labor, proposed that joint organization campaigns be set up for an attempt on the steel industry. A cooperative plan was constructed in which a number of unions would participate. A National Committee for the Organizing of the Iron and Steel Industry was formed to handle the organization process and assign new members to their appropriate craft union.

The effort got underway in August, 1918, and initially was very successful.

> The men literally stampeded to the unions in Gary, Hammond, Indiana Harbor, and South Chicago. The United States Steel Corporation confirmed it by an announcement of the basic eight-hour day, commencing October 1.
>
> At the end of September, the Calumet district was virtually organized. The Pittsburgh district was next to be organized. On October 11 the Bethlehem Steel Company acknowledged the triumphant eastward march of unionism by granting the basic eight-hour day. The campaign was uniformly successful. (16, p. 462).

The formation of the National Committee and its resulting immediate success is indeed interesting in view of what was to come. "The committee took over Mike Tighe's skeleton union, and put the skeleton into the closet, exactly as was done seventeen years later by the CIO." (25, p. 67).

In May of 1919, the Amalgamated's president, Mike Tighe, demonstrated a desire to separate himself and his union from the rest of the organizers. He first requested a conference with Elbert H. Gary, executive head of U. S. Steel, and indicated to Foster that he ". . . reserved freedom of action." (16, p. 463). The National Committee was preparing to attempt negotiations with the steel industry at this time. The industry had replied by increasing the rate at which union men were fired and by indicating that they would not negotiate. The National Committee issued a strike call for September 22. When the strike took place ". . . every steel producing region was affected and nearly every mill was wholly or partially shut down." (16, p. 465). By October, it was increasingly apparent that the strike was weakening as men returned to work. By the end of November, the strike was virtually broken.

> Thugs, spies, coal and iron police, mounted constabulary, the complete suppression of all the basic civil liberties, the riding down of women and children and an hysterical publicity campaign successfully broke the strike in a little over three months. (19, p. 169).

On January 5, 1920, the Amalgamated requested the National Committee to abandon the strike. The Committee agreed to do so three days later. While the National Committee apparently wanted to continue organizing efforts, Mike Tighe did not. "Now that the strike had failed, he wanted tranquillity to enable his members to hold their jobs." (16, p. 468). He took the Amalgamated out of the National Committee on January 27, 1920. The Amalgamated entered a period of inactivity.

Publicity given by the 1919 strike concerning working conditions in steel did result in some improvements. For example, the basic eight-hour day that had been formally granted the workers in steel by the steel industry on October 1, 1918, but not actually instituted, was finally a reality in the fall of 1923 (26, pp. 60, 177, 178). Additional fringe benefit programs for the workers were instituted by the steel companies. These programs included:

> Employee stock ownership, pension systems, provision of fuel and housing at or near cost, lunch stands, cafeterias and restaurants, support of employee's cooperative buying, outdoor and indoor recreation facilities, medical and hospital facilities, mutual benefit or sickness relief associations, group life insurance programs, and so on. (3, p. 43).

This company interest in welfare programs for their employees contributed to the lack of union success in steel in the 1920's. Too, "eight companies, the principal of which was Bethlehem Steel, introduced employee representation plans affecting about 89,000 workers." (3). Such plans were to play an important role in the planning of strategy by the SWOC in the 1930's.

Union inactivity, the depression beginning in 1929, and the company employee programs led to a general weakening of the labor union movement in

steel through the 1920's and early 1930's. By 1934 the Amalgamated's membership was down to ". . . less than nine thousand in an industry of four thousand." (27, p. 31). Even the passage of the NIRA failed to stimulate Tighe and the Amalgamated.

It was becoming clear, however, that non-union conditions in steel would not be permitted to exist indefinitely despite the fact that "unlike Rip Van Winkle, Mike Tighe never woke up." (25, p. 68).

> Coal is a cousin of steel. And John L. Lewis, who knows a great deal about the steel industry, because it owns the so-called 'captive mines', insisted that steel must be organized. (25).

By 1934, the rank and file of the Amalgamated, seemingly aware that Tighe was not willing to undertake a new organization effort, began to agitate for reform within the union headquarters and a more aggressive union movement. At the April convention of that year, younger members of the Amalgamated were successful in submitting a motion to the effect that new union demands be presented to the steel companies which, if not granted, would bring on another strike. A committee of ten union members was elected to present these demands.

> But this rank-and-file committee got nowhere, either with the steel trust or with the Amalgamated, which even refused them desk space in the union headquarters. (25, p. 69).

The Roosevelt administration, hoping to avoid a strike, had caused the leaders of the steel industry to establish a Steel Labor Board that would presumably consider the demands of the rank and file group. Green and Tighe called a special meeting, hoping to persuade the workers to accept the Board's decision rather than strike. The special meeting finally accepted the Board's ruling. An attempt by the disenchanted workers to

reorganize themselves for further action after the meeting was frustrated by their being expelled from the Amalgamated.

> They felt, with reason, that their expulsion was not because of any real misconduct but because of the union leaders' fear that their activity might disturb peaceful relations with the steel companies and jeopardize the old membership's slightly privileged status. (20, p. 248).

The expelled members rejoined the Amalgamated in the summer of 1935, but the union was greatly weakened by then. "The Amalgamated had run down to 8600 members." (25, p. 70).

## The Steel Workers' Organization Committee

The Steel Workers' Organization Committee was the central coordinating body in the CIO effort to organize the steel industry. Its key role requires that incidents leading to its creation be examined, and that its structure be outlined.

The 1934 convention of the AFL resulted in attention being given by the Executive Council to conditions in the steel industry. By January, 1935, William Green, seemingly aware of the need at least to consider an industrial union structure in steel, requested that Mike Tighe prepare plans for an organization effort. The plans submitted called for an industrial union organization structure and a fund of some $200,000 (1, p. 75).

Both Lewis and Green supported the industrial union plan before the Executive Council, but ran into opposition by the leaders of craft unions having jurisdictional interests in the steel industry. Lewis urged, furthermore, that a new international union be set up to represent the steel workers. His suggestion raised the question as to what should be done with the Amalgamated. Meetings with Tighe indicated that he had no intention of letting the Amalgamated be replaced by a new union.

The net result of such activity was a resolution authorizing Green to begin a joint organizing effort by all the unions involved in the steel industry. This meant, of course, that the industrial union structure envisioned by Lewis was to be replaced by a collection of craft unions. Although the resolution passed, nothing was done to put it into effect. By the time of the 1935 convention of the AFL, Lewis was convinced ". . . that the AFL was not going to act." (1, p. 77). The convention accepted the resolution of the Executive Council and requested the Amalgamated to develop specific organization plans. The plan was submitted to the Council in January, 1936, but "there was very little of a practical nature in the proposal." (1, p. 78).

Confident that the AFL would not initiate an effective campaign, Lewis caused the CIO group to begin constructing a plan for organizing steel in 1936. The previously mentioned letter from the leaders of the CIO to Green sent in February, 1936, indicated that formal planning for organizing steel had been done. In that letter the CIO had offered $500,000 toward an organization fund of $1,500,000 and the services of trained organizers, provided that the AFL raised the remaining $1,000,000, permitted steel to be organized industrially, and furnished new leadership for the steel workers' union.

The AFL rejected this proposal. Green urged that the AFL start such an organization campaign in cooperation with the existing Amalgamated. The AFL members opposed such a move until an effort could be made along craft lines and until all affiliates supported it. Indeed, "many unions did not even bother to reply; those that did pledged about $8,000 and a handful of organizers." (20, p. 265). It appeared that "the craft unions would

cheerfully accept members from steel if somebody else would be so kind as to do the work of organizing for them." (20). With such a lukewarm reaction from its affiliates, the AFL could make only a vague commitment to the organization of steel.

When the AFL rejected the February offer of the CIO, Lewis wrote Mike Tighe on April 13, 1936, and made a similar offer. The letter was sent at an opportune time since the young rank and file members of the Amalgamated were very concerned about the organization of steel. At the 61st convention of the Amalgamated held on April 28, 1936, these younger members indicated that they wanted to accept the CIO proposal. They were not successful in their attempt to get the convention to agree to this. However, they did obtain a compromise wherein the Amalgamated agreed to support an industrial union structure in steel.

The Amalgamated assumed that the AFL would support them in this effort, but Lewis knew that this was unlikely. By June, 1936, the Amalgamated Executive Board realized that only the CIO would give them assistance. They then agreed to affiliate with the CIO on the following terms: (1) a Steel Workers' Organization Committee would be formed on which only two of the eight members could be representatives of the Amalgamated; (2) any new unions formed by the effort would technically join the Amalgamated and be issued appropriate charters; (3) all dues would be retained by the SWOC to finance the organization; and (4) the SWOC, in conjunction with the Amalgamated, would have the power to deal with the steel industry and to make agreements.

The association between the SWOC and the old Amalgamated was virtually in name only. "The Amalgamated retained in effect only the right to issue

charters." (1, p. 83). The conduct of the organization campaign was in fact left up to the SWOC and the CIO.

Philip Murray, the chairman of the SWOC, was a close associate of John L. Lewis and vice-president of the United Mine Workers. David J. McDonald was given the secretary-treasurer position on the committee. He was Murray's assistant in the UMW. The other members were Mike Tighe and J. K. Gaither of the Amalgamated Association of Iron, Steel and Tin Workers; Julius Hochman of the International Ladies Garment Workers Union; Leo Krzycki of the Amalgamated Clothing Workers Union; and P. T. Fagan, John Brophy, and Van A. Bittner of the United Mine Workers.

> Actually, the committee as such was never a functioning body; it met occasionally to approve the work of the chairman, but the latter exercised full executive and administrative power. (1, p. 84).

Since the full committee did not exercise a great amount of power in the campaign, it is necessary to go deeper into the structure of the SWOC in order to identify those persons who did have more frequent contact with the organization effort. As has been seen, Philip Murray was a principal director of the effort. He was aided by Vincent Sweeney, Lee Pressman, David McDonald, Clinton Golden, Van A. Bittner, Albert Atallah, and Bill Mitch. The organizational structure of this group appears on Chart I below.[1] Vincent Sweeney, the public relations director of the SWOC, was a former Scripps-Howard employee. The legal department was headed by Lee Pressman, a Harvard Law School graduate, former general counsel to Harry Hopkins and the WPA, and former general counsel to the Resettlement

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[1]Assembled by the writer.

Administration. David McDonald, the secretary-treasurer of the SWOC, was a former assistant to Murray in the United Mine Workers. Clinton S. Golden, the Pittsburgh regional director of the SWOC, had experience with the Machinists' Union, was a former organizer for the Amalgamated Clothing Workers, and was an ex-member of the National Labor Relations Board. The Chicago regional director of the SWOC was Van A. Bittner, an official of the United Mine Workers who had had experience with organizational drives for the United Mine Workers in virtually every coal producing region in the United States. Albert Atallah was the Aliquippa regional director of the SWOC. Bill Mitch, the southern district director of the SWOC, was also an official in the United Mine Workers Union (28). These men constituted the action arm of the SWOC and, in fact, were the SWOC.

The SWOC was at first heavily dependent on the United Mine Workers for their professional organizers. The number of full-time organizers used by the SWOC in the steel campaign is an understandably disputed figure. However, the estimate of 150 shown on Chart I is probably not excessive.[1] Indeed, if all the men actively engaged in organization were counted, particularly after the initial successes in steel were made, the figure might well be even higher. After the organization activity started in steel, the UMW organizers were still important, ". . . but the largest number were men from steel mills who showed aptitude and enthusiasm in the early days of the organization." (20, p. 266).

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[1]The dispute on this point is illustrated by the fact that Galenson (1, p. 84) indicates that Murray intended to have 100 organizers, while Brophy (20, p. 266) states that over 200 organizers were involved, and the article in Fortune cited above gives the estimate of 150 organizers. Additional clarification of this point will be made in Chapter IV.

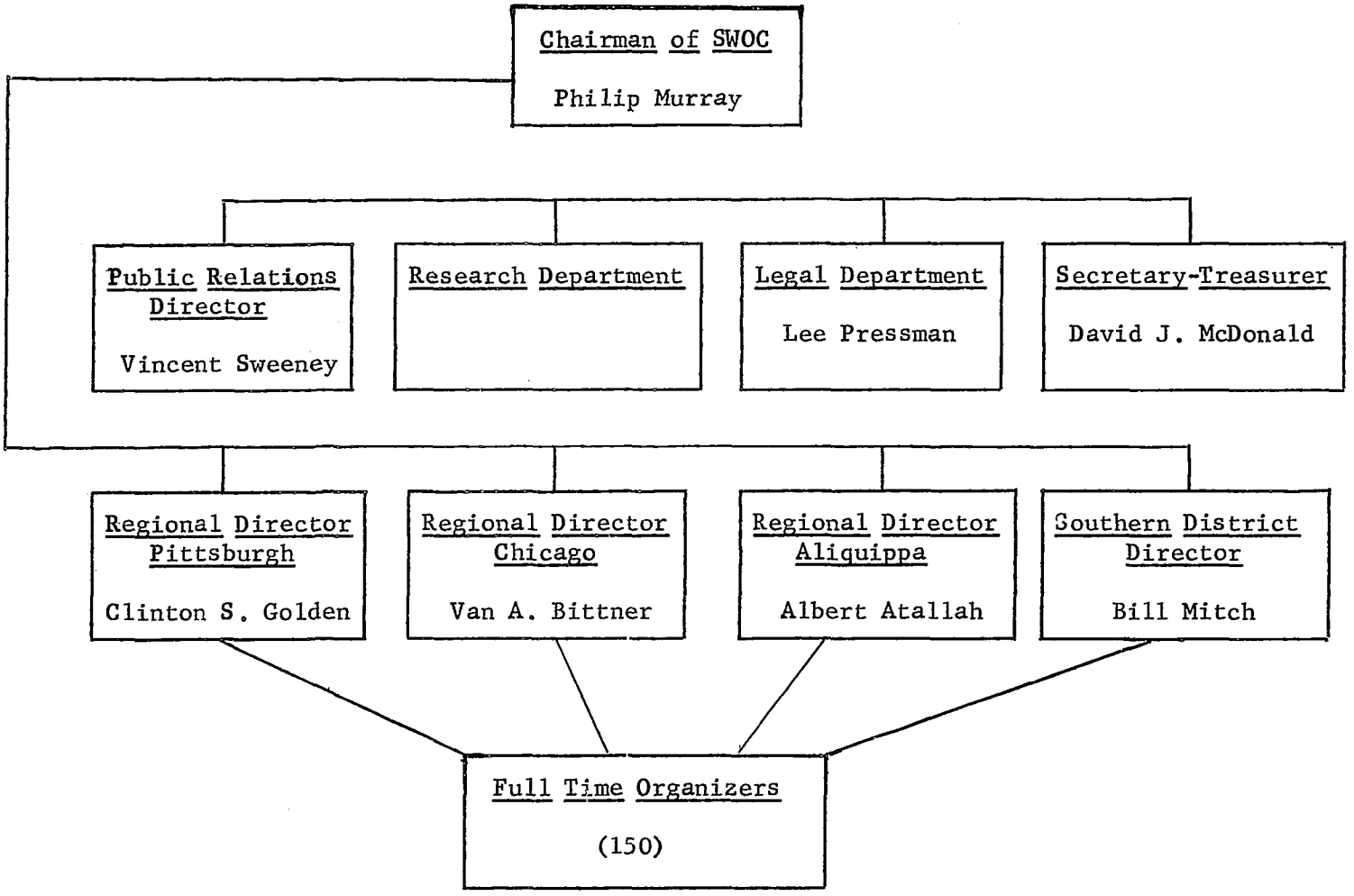


Chart 1. Organization structure of the Steel Workers' Organization Committee

The SWOC was a professional organization, headed by men experienced in the union movement. The plans for the effort were well made. It was certainly the most formidable union organizing group that the steel industry had ever encountered.

## The Organization Effort in Big Steel

At its first formal meeting on June 17, 1936, the SWOC announced that it represented legitimate and established union interests and wished to avoid conflict with the steel industry. The steel industry, was represented by the American Iron and Steel Institute, replied to this overture by publishing a full page advertisement in some 375 newspapers stating that it would not recognize the new union interests (1, pp. 85, 86). Despite this formal indication of resistance, Murray reported to the second meeting of the SWOC on September 29, 1936, that the effort had so far resulted in the establishment of 35 subregional offices, the employment of some 158 full-time organizers, 85 part-time employees, and a membership of 15,306 (1, p. 86). The membership figure reported is not particularly impressive since the Amalgamated membership of 10,000 was included, and since the SWOC was confronted by an industry of some 480,000 employees. Still, the figure did include some newly organized steel workers.

The largest steel company confronting the SWOC was the United States Steel Corporation with some 222,000 employees (1, p. 87). Indeed, it was such a big company that within two years the following report was made.

> In 1938 the ten largest companies accounted for 88 percent of the assets of the steel industry. One company, the United States Steel Corporation, constituting less than 1 percent of the total number of firms, owned 40 percent of the assets, or more than two and one-half times those of its nearest rival and more than three times those of the 124 smallest presumed competitors. (29, p. 125).

Clearly, a victory for the SWOC in this company would greatly expedite the organization of the remainder of the industry.

One of the important avenues for the organization of this firm as well as the rest of the industry was the existing company union structure. The SWOC concentrated initially on encouraging company union independence, particularly in U. S. Steel. From the beginning,

> Mr. Murray decided to try to win over these organizations as such, rather than to seek direct repudiation of the company unions by their memberships and then the affiliation of individuals with the steel-union locals . . .. (18, p. 224).

The SWOC also encouraged ". . . the employee representation plans to press economic demands upon the companies and to affiliate with the CIO." (30, p. 4). This tactic was a successful one. Within weeks after the inception of the organizing campaign some sixty employee representatives, representing some 45,000 steel employees, endorsed the SWOC and the CIO. In July, the Carnegie-Illinois plant in Chicago found that its company union, representing some 3,000 workers, had also affiliated with the SWOC. This plant had the largest company union west of Pittsburgh and was an important U. S. Steel subsidiary (18).

Throughout the fall of 1936, the U. S. Steel Corporation replied to this activity by seeking a compromise with the company unions. The Corporation began to consider wage policy changes and attempted to strengthen the loyalty of the company union to the employer.

> Plans were laid for the creation of a central joint committee, and on October 19-21, 1936, a conference was held for the purpose of establishing the Pittsburgh District General Council. Under this scheme, the council was to consist of two representatives of each steel plant, and would deal on an inter-plant level, something which management had theretofore refused to concede. The plan was sent to the several plants for ratification. (1, p. 89).

The company also sought to adjust wages upward and to prepare to sign one-year contracts with the company unions. These plans were announced on November 6, 1936. Although the proposed contracts and accompanying efforts were not accepted to the extent that U. S. Steel desired, some company union representatives were receptive to these overtures.[1] Of particular embarrassment to the company was the fact that the employee council thus created elected a CIO man as chairman. Indeed, the company unions continued to revolt and ". . . in December, 1936, representatives from forty-two plants met in Pittsburgh, formed a C. I. O. council, and proposed a national convention." (18).

In January, 1937, Myron C. Taylor, Chairman of the Board of Directors of U. S. Steel, and John L. Lewis began a series of highly secret meetings lasting through most of February. These meetings ultimately resulted in an agreement between the SWOC and U. S. Steel that was signed on March 2, 1937. This agreement recognized the SWOC as the bargaining agent for its members, agreed not to force other workers to join, provided for a wage increase, and a forty-hour basic week with time and a half for overtime.

The reasons for the capitulation of U. S. Steel are examined in a later chapter. It is sufficient to note here that the agreement had an important impact on the organization effort. By the end of March, 1937, the SWOC stated that it had 200,000 members in some 492 local lodges which represented five subsidiaries of U. S. Steel and forty-six other companies (1, p. 96). Then, by the end of May, 91 additional steel plants, including

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[1]Note that the powerful Pittsburgh Council did not endorse the peace moves of U. S. Steel (1, p. 90).

Jones and Laughlin, Crucible Steel, and Sharon Steel, signed similar agreements with the SWOC (1, p. 99). The organization effort was impressive so far, but did not result in an immediate total victory for the SWOC. Important steel firms remained unorganized.

## The Conflict in "Little Steel"

The group known as Little Steel refused to follow the lead of the other steel companies and decided to resist the organization effort. The more important firms in this group, selected for specific attention here, were Republic Steel, Bethlehem Steel, Youngstown Sheet and Tube, Inland Steel, National Steel, and American Rolling Mills. According to Galenson, these companies employed about 186,000 workers.

The SWOC sent a message to these companies in March, 1937, in which it requested an agreement similar to the one that had been executed with U. S. Steel. The result was industrial conflict.

### Republic Steel

The Republic Steel Corporation employed approximately 46,000 workers and was headed by Mr. Tom Girdler who had earlier been a superintendent and, later, president of the Jones and Laughlin Steel Corporation. In early 1937, Girdler was not only the Chairman of the Board of Republic Steel, but had also been elected to the presidency of the powerful American Iron and Steel Institute. Girdler was militantly anti-union and had become

> . . . obsessed with the notion that he stood at the bridge guarding the liberties of the nation and its businessmen against the onrush of a destructive horde. (21, p. 201).

Girdler was the management leader of the Little Steel group.

Republic had several plant sites. Those listed below include plants where noteworthy violence occurred and also those where little or no union

activity was evident. Plants marked with an asterisk (*) will be treated in some detail to indicate the general nature of Republic's anti-union tactics.

*(1) Canton, Ohio.

*(2) Massillon, Ohio.

*(3) Youngstown, Ohio - Truscon Steel Plant.

(4) Monroe, Michigan.

*(5) Chicago, Illinois - South Chicago Works.

(6) Buffalo, New York.

(7) Warren, Ohio.

(8) Niles, Ohio.

(9) Cleveland, Ohio.

(10) Gadsden, Alabama.[1]

The SWOC failed to receive any response from Republic Steel in March and April of 1937. On May 3, 1937, the SWOC sent another request for a meeting to the company and threatened a strike if such a meeting was not held. Some indication of Republic's strategy became apparent immediately after this latter request by the SWOC. On May 5, Republic closed its Canton, Ohio plant which had the largest recognizable number of union members. The union men ". . . were given to understand that the plant would not be reopened until they got rid of the union." (3, p. 136).

On May 11, a meeting was held between the SWOC and Republic Steel. It concluded with the announcement that Republic refused to sign written con-

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[1]Republic owned two subsidiaries in Alabama. The SWOC strike did not affect either one of these plants.

tracts as a matter of policy. Further, the company insisted that the SWOC was in fact demanding a closed shop. With this breakdown in negotiations, Republic then closed its Massillon, Ohio plant on May 20. On May 26, the SWOC declared a strike against the Republic Steel Corporation. Republic immediately began to demonstrate its hostility toward the strike. Republic's tactics in fighting the strike included a full-scale application of the notorious "Mohawk Valley Formula."

The Mohawk Valley Formula had proved itself to be an effective anti-union device before Little Steel adopted it. The strategy was devised by James Rand of the Remington Rand Corporation in the latter part of 1935 and in 1936. Rand used the technique to thwart threatened union trouble at his plant in Ilion, New York. The workers had heard that Rand was going to move his plant to Elmira, New York. They were members of the AFL. The workers, unable to conduct satisfactory discussions with Rand, struck the Ilion plant and six others belonging to Rand. The combination of tactics that Rand adopted to fight the strike proved to be successful by July 13, 1936.

This anti-union strategy developed by Rand and used by Republic Steel, and Little Steel generally, consisted of the following steps, as described by the National Labor Relations Board:

> "First: When a strike is threatened, label the union leaders as 'agitators' to discredit them with the public and their own followers. In the plant, conduct a forced balloting under the direction of foremen in an attempt to ascertain the strength of the union and to make possible misrepresentation of the strikers as a small minority imposing their will upon the majority. At the same time, disseminate propaganda, by means of press releases, advertisements, and the activities of 'missionaries', such propaganda falsely stating the issues involved in the strike so that the strikers appear to be making arbitrary demands, and the real issues, such as the employer's refusal

to bargain collectively, are obscured. Concurrently with these moves, by exerting economic pressure through threats to move the plant, align the influential members of the community into a cohesive group opposed to the strike. Include in this group, usually designated a 'Citizens Committee', representatives of the bankers, real estate owners, and business men, i. e., those most sensitive to any threat of removal of the plant because of its effect upon property values and purchasing power flowing from payrolls.

"Second: When the strike is called raise high the banner of 'law and order', thereby causing the community to mass legal and police weapons against a wholly imagined violence and to forget that those of its members who are employees have equal rights with the other members of the community.

"Third: Call a 'mass meeting' of the citizens to coordinate public sentiment against the strike and to strengthen the power of the Citizens Committee, which organization, thus supported, will both aid the employer in exerting pressure upon the local authorities and itself sponsor vigilante activities.

"Fourth: Bring about the formation of a large armed police force to intimidate the strikers and to exert a psychological effect upon the citizens. This force is built up by utilizing local police, State Police if the Governor cooperates, vigilantes, and special deputies, the deputies being chosen if possible from other neighborhoods, so that there will be no personal relationships to induce sympathy for the strikers. Coach the deputies and vigilantes on the law of unlawful assembly, inciting to riot, disorderly conduct, etc., so that, unhampered by any thought that the strikers may also possess some rights, they will be ready and anxious to use their newly acquired authority to the limit.

"Fifth: And perhaps most important, heighten the demoralizing effect of the above measures -- all designed to convince the strikers that their cause is hopeless -- by a 'back to work' movement, operated by a puppet association of so-called 'loyal employees' secretly organized by the employer. Have this association wage a publicity campaign in its own name and coordinate such campaign with the work of the 'Missionaries' circulating among the strikers and visiting their homes. This 'back to work' movement has these results: It causes the public to believe that the strikers are in the minority and that most of the employees desire to return to work, thereby winning sympathy for the employer and an endorsement of his activities to such an extent that the public is willing to pay the huge costs, direct and indirect, resulting from the heavy forces of police. This 'back to

work' movement also enables the employer, when the plant is later opened, to operate it with strikebreakers if necessary and to continue to refuse to bargain collectively with the strikers. In addition, the 'back to work' movement permits the employer to keep a constant check on the strength of the union through the number of applications received from employees ready to break ranks and return to work, such number being kept secret from the public and the other employees, so that the doubts and fears created by such secrecy will in turn induce still others to make applications.

"Sixth: When a sufficient number of applications are on hand, fix a date for an opening of the plant through the device of having such opening requested by the 'back to work' association. Together with the Citizens Committee, prepare for such opening by making provision for a peak army of police by roping off the areas surrounding the plant, by securing arms and ammunition, etc. The purpose of the 'opening' of the plant is threefold: To see if enough employees are ready to return to work; to induce still others to return as a result of the demoralizing effect produced by the opening of the plant and the return of some of their number; and lastly, even if the manoeuvre fails to induce a sufficient number of persons to return, to persuade the public through pictures and news releases that the opening was nevertheless successful.

"Seventh: Stage the 'opening', theatrically throwing open the gates at the propitious moment and having the employees march into the plant grounds in a massed group protected by squads of armed police, so as to give to the opening a dramatic and exaggerated quality and thus heighten its demoralizing effect. Along with the 'opening' provide a spectacle -- speeches, flag raising, and praises for the employees, citizens, and local authorities, so that, their vanity touched, they will feel responsible for the continued success of the scheme and will increase their efforts to induce additional employees to return to work.

"Eighth: Capitalize on the demoralization of the strikers by continuing the show of police force and the pressure of the Citizens Committee, both to insure that those employees who have returned will continue at work and to force the remaining strikers to capitulate. If necessary, turn the locality into a warlike camp through the declaration of a state of emergency tantamount to martial law and barricade it from the outside world so that nothing may interfere with the successful conclusion of the 'Formula', thereby driving home to the union leaders the futility of further efforts to hold their ranks intact.

"Ninth: Close the publicity barrage, which day by day dur-

> ing the entire period has increased the demoralization worked by all of these measures, on the theme that the plant is in full operation and that the strikers were merely a minority attempting to interfere with the 'right to work', thus inducing the public to place a moral stamp of approval upon the above measures. With this, the campaign is over -- the employer has broken the strike." (31, pp. 664-666).

The Mohawk Valley Formula was followed religiously by Republic and the rest of Little Steel. The Formula worked. The strikes were broken and the SWOC was forced to wait for several years before it gained recognition from the group.

Republic's activity in fighting the strike at Canton was typical of its tactics used in other areas. A Citizens' Law and Order League was quickly formed to begin a back-to-work movement. The leaders of the League were influential businessmen in the community. In this instance the League was led by T. K. Harris, involved in real estate; E. A. McCushey, an attorney; Warren Hoffman, a manufacturer; and R. W. Liochot, a banker. Among others the League had the support of the Chamber of Commerce, the Independent Grocers Association, and the American Legion Club (27, pp. 84, 85).

The League obtained some 300 men to act as special deputies and Governor Davey ordered the National Guard to Canton. The back-to-work movement then did the following:

> (1) Staged duplicate and triplicate auto caravans in and out of the plant to give the impression that the strike was broken; (2) spread the word through foremen and others that the men were to come back or lose their brass identity check; or, if taken back, were to undergo a new physical exam -- the bugbear of steel workers after a few weeks of undernourishment; (3) arrested the leaders and picket captains and demoralized the rank and file. (27).

The National Guard established the boundaries of a strike zone around the plant and would permit no one to enter or leave without a pass. Strikers

and non-strikers alike were arrested in mass. The strike began to weaken during the summer months. Although the SWOC had not formally called off the strike, by October the plant was nearing normal production levels.

At the Massillon, Ohio plant of Republic Steel, a "back-to-work committee" was formed on the same day the strike was declared. This group was formed ". . . by 6 Republic employees through whom the company had maintained control of the employee representation plan and its successors (3, p. 139). In addition, businessmen formed a Law and Order League of Massillon which worked closely with Republic in aiding the back-to-work movement. After the formation of these two groups, Republic announced that the plant would reopen on July 2.

Both the Law and Order League and the back-to-work committee were under the complete control of Republic Steel, and they devoted their energies toward two goals: (1) convincing the people that if the strikers didn't go back to work, the plant would remain closed and Massillon would lose its economic base; (2) convincing the town officials that the strikers were keeping the plant closed by using violence, and they could only be stopped by violence (3).

The company, with the aid of the two groups mentioned, was successful in getting the Ohio National Guard called in to Massillon to preserve order. There was no immediate violence, however, and the Guard was to withdraw on July 9, 1937.

When it was made clear that the Guard was to be removed, the Law and Order League, Carl Meyers who was a plant superintendent for Republic Steel, and General Marlin of the National Guard, began to put pressure on the local police chief to employ special police to protect the community

against violence. These people threatened to have the police chief, Stanley Switter, and the mayor impeached unless the additional men were hired to fight the strikers (27, pp. 87, 88). Chief Switter cooperated, and by July 11, he swore in 40 Republic employees loyal to the company as a special police force. He also,

> . . . accepted from Republic Steel a secret consignment of armaments which included three tear-gas guns, ninety tear-gas shells, three sawed off shotguns and six boxes of shells. (27, p. 88). (Emphasis mine.)

On July 11, these policemen and some additional police from Canton, Ohio, stationed themselves by the SWOC picket headquarters. As a picket returned to his car and turned on his lights, the police fired on the car and the pickets; killing two and wounding 15. The police then entered the headquarters of the SWOC and confiscated their records. They also reportedly raided homes and arrested a total of some 165 people without warrants (1, p. 103). Those arrested were held for two days and then released after agreeing not to sue for false arrest. In addition, all further picketing and public meetings were banned in Massillon. The strike was thus broken.

Republic's adherence to the Mohawk Valley Formula in handling strikers was further evidenced by incidents surrounding the SWOC strike of the Republic plant at Youngstown, Ohio. A Mahoning Valley Citizens' Committee, led by a local banker with interests in the steel industry, was formed and began a back-to-work movement. After a riot on June 9, a group of some 152 special deputies was added to the county police force. Ninety-four of these deputies were loyal employees of the steel company. In addition, 144 special police were hired by the city of Youngstown of whom 60 were employees in the steel industry (1, pp. 103, 104).

On June 19, violence broke out on the picket line outside the Republic plant. More strikers and deputies arrived at the scene and violence continued most of the night. The result was that two strikers were killed and 42 men and women were injured. All but eight of them were strikers.

The Youngstown Sheet and Tube Corporation plant located in Youngstown was also struck. After the riots on June 9 and June 19, this company announced its intention to reopen on June 22. The threat of even more violence was clear and Governor Davey ordered the National Guard to Youngstown, declared martial law, and attempted to maintain the status quo until Federal mediators were finished. The declaration of martial law was followed by an increase in the persecution of the strikers by the Citizens' Committee and their followers. The mediation was ended on June 22, and Governor Davey ordered the Guard to permit the plants to reopen. While some strikers remained on the picket line after the plants reopened, the bulk of them returned to work and the strike was effectively broken.[1]

Perhaps the most notorious incident of all the Little Steel episodes, the Memorial Day Incident, occurred on May 30, 1937, at the Republic Steel plant in Chicago. This plant had been struck on May 26. The strike was successful at first and had been without violence. On May 30, however, after a meeting of some 2500 strikers, about 400 of them walked toward the South Chicago Works plant site where they had decided to establish a mass picket line. The strikers were met by a group of some 200 policemen led by a Captain Mooney. As the strikers approached the police line, trouble

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[1]Additional information on the affair in Youngstown will be presented when the Youngstown Sheet and Tube Company is examined.

developed and the police fired on the pickets. The strikers began running away as soon as the first shots were fired, but the shooting continued and the police exacted a heavy toll. Ten strikers were shot to death, 125 were wounded including 35 policemen, but only three of the policemen remained hospitalized. The strike was subsequently broken by June 14, 1937, and the plant returned to normal production activities.[1]

The issue of union organization was finally resolved beginning on July 25, 1941. Republic agreed to abide by an NLRB check on the number of SWOC members in its plants. The outcome revealed that the SWOC had 28,482 members out of a total employment of 40,858 (1, p. 116). Negotiations began between the SWOC and Republic in September, 1941. When World War II began, negotiation disputes were referred to the National War Labor Board whose subsequent directive order determined the disputed points of the contract. The contract was finally signed in August, 1942, and the conflict was officially resolved (1, p. 118).

The conflict between the SWOC and the Republic Steel Corporation is summed up in the table on the following page.

Bethlehem Steel

Bethlehem, headed by Eugene Grace, was the largest employer of the several companies making up Little Steel. Mr. Grace was opposed to the SWOC effort. He is depicted in harsh terms by one writer as:

. . . a quiet, devious, and black reactionary. He achieved

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[1]Testimony at the LaFollette Committee Hearing on this strike indicated that the police had staged a virtually unprovoked attack on the strikers. Photographs taken during the violence also substantiate that charge since very few show strikers doing anything more than trying to get out of the way of the police. (22, pp. 4635-5171).

Table 1. Summary table for Republic Steel and the SWOC

| Plant Location | Nature of Conflict | Extent of SWOC Infiltration | Company Tactics |
|---|---|---|---|
| Canton | Lockout, strike and violence. | About 90% of plant force organized. | Mohawk Valley Formula. |
| Massillon | Same as above. | Extensive organization of plant force. | Same as above. |
| Youngstown | Strike with violence. | Weak organization of plant force. | Same as above. |
| Chicago | Strike with violence. | Extensive organization of plant force. | Emphasis placed on use of Chicago police. |
| Monroe | Strike with violence threatened. | Weak organization of plant force. | Mohawk Valley Formula. |
| Warren | Strike with some violence. | Same as above. | Same as above. |
| Niles | Same as above. | Same as above. | Same as above. Specific use of Negroes as strikebreakers. |
| Cleveland | Same as above. | Extensive organization of plant force. | Same as above. No emphasis on Negroes. |
| Buffalo | Official strike with no apparent violence. | Weak organization of plant force. | Strike not actually effective. |

> national notoriety by paying himself, during the worst years of the depression, a total of almost $4,000,000 in salary and 'bonuses'. He is the General Franco of Little Steel, busily engaged in whipping up big industry to support a national vigilante movement. After the strike, National Labor Relations Board hearings brought out the fact that he had paid more than $30,000 to the vigilante in Johnstown alone. (25, p. 82).

Bethlehem employed some 80,000 workers. The plants mentioned as being of consequence during the conflict were located in the following cities:

(1) Johnstown, Pennsylvania -- Cambria Plant.

(2) Bethlehem, Pennsylvania.

(3) Lackawanna, New York.

(4) Rankin, Pennsylvania.

(5) Lebanon, Pennsylvania.

(6) Steelton, Pennsylvania.

(7) Harrisburg, Pennsylvania.

(8) Sparrows Point, Maryland.

(9) Pottstown, Pennsylvania.

(10) Leetsdale, Pennsylvania.

(11) Los Angeles, California.

Although it was not the apparent intention of the SWOC to strike Bethlehem immediately, nevertheless, on May 7, 1937, the SWOC issued an ultimatum to Bethlehem calling for a meeting within ten days.[1] The company ignored the message and the SWOC strike decision against Bethlehem was forced both officially and unofficially on June 11, 1937. On this date, Bethlehem

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[1]The SWOC had been unable to organize a substantial number of Bethlehem's employees prior to the issuance of the ultimatum. At least part of the reason was because of the successful resistance of Bethlehem's company unions. See Brooks (3, p. 135) and Galenson (1, p. 99).

employees on the Conemaugh and Black Like Railroad which served the Cambria plant at Johnstown went on strike for a signed contract. The miners in Bethlehem's captive coal mines were already on strike. When the railroad workers struck, the steel workers at Cambria struck in sympathy.

The circumstances of the SWOC strike against Bethlehem at Johnstown vividly reflect the application of the Mohawk Valley Formula. Shortly after the strike was declared, the close alliance between the company and some of the leading citizens of Johnstown was revealed. The Johnstown Citizens' Committee was formed to head a back-to-work movement. The Committee consisted of three local merchants, Heckman, Fiig, and Geis; a minister, the Rev. John Stanton; a banker, Francis Martin; and the banker's secretary, Lawrence Campbell, who was also in charge of the local Chamber of Commerce.

Mayor Daniel J. Shields also played a prominent role in the back-to-work movement. The mayor was "a one-time inmate of a federal prison following conviction for attempting to bribe a federal officer." (21, p. 204). Mayor Shields received $31,456 from Bethlehem via the Citizens' Committee to help finance the back-to-work movement by providing weapons to cooperating workers and generally paying for a strikebreaking movement.[1] The back-to-work movement also had the support of the local press, as ". . . each day the Johnstown papers announced the demise of the walkout." (27, p. 81).

The Citizens' Committee employed the John Price Jones advertising agency in New York to construct advertisements supporting the back-to-work

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[1]For a more detailed documentation see (23, pp. 8197-8746).

movement. The movement had the additional support of most of the local business community which, for a variety of reasons, was upset by the strike.

Although the SWOC did not have a particularly strong organization within the Cambria plant, some 12,000 of the 15,000 workers had gone on strike on June 11. On June 20, the SWOC issued a call for a mass meeting of all the strikers. It was expected that some 20,000 steel workers and miners might attend the meeting. There had been little violence up to this time, but there was fear in Johnstown, part real and part created by the vigilante groups, that violence might result from such a meeting. The day before the meeting was to be held, Governor George H. Earle declared martial law and sent in the Pennsylvania State Police headed by Captain William Clark. The plant was closed for one week and then reopened under the supervision of the state police. The troopers limited the number of pickets to six. Since the street cars ran virtually to the front door of the plant, returning workers were only briefly exposed to the pickets.

By June 27, the strike was weakening appreciably as the tactics of the back-to-work groups began to prove effective. Workers were generally informed that "everyone else" was going back to work so they might as well go too. Foremen phoned workers, telling them they would lose their identity checks if they didn't report back. By the end of June, the strike was effectively broken and the SWOC officially called off the strike.

Following its defeat at the Cambria plant, the SWOC adopted a two-fold strategy. It petitioned the NLRB for certification as the bargaining agent. At the same time, it adopted a long range organization and education program in all of the Bethlehem plants to inform the workers of the

benefits of union organization and to train leaders of the proposed union locals. On August 16, 1939, the NLRB issued a decision which ordered Bethlehem to disband its company unions in ten plants. The company immediately appealed the decision to the Circuit courts. At the same time, the SWOC reopened its organization efforts in Bethlehem's eastern plants. The SWOC approach was the familiar one used so successfully in U. S. Steel. It approached the leaders of the company unions and in late August of 1939, ". . . it was announced that forty-eight employee representatives had already thrown in their lot with the SWOC." (3, p. 147). The immediate result of this renewed effort, however, was not overly impressive for the SWOC.

In the fall of 1940, the SWOC tried once again to organize Bethlehem. The SWOC called effective strikes at some of the plants with particular success at Lackawanna, Johnstown, and Los Angeles over a ". . . refusal of the company to discuss grievances with the SWOC." (1, p. 116). Finally, the workers at the Lackawanna plant voted in favor of the SWOC at an NLRB election on May 15, 1941. During 1942, other Bethlehem plants voted for the SWOC including the Johnstown plant and the plant at Bethlehem, Pa. The following table summarizes the SWOC campaign in Bethlehem Steel.

The contractual negotiations between the SWOC and Bethlehem Steel started in September, 1941. The United States entered World War II before the negotiations were finished. The disputed parts of the contract were submitted to the National War Labor Board for determination. After the NWLB made its decision, the SWOC and Bethlehem signed the contracts in August, 1942 (1, pp. 116-118).

Table 2. Summary table for Bethlehem Steel and the SWOC

| Plant Location | Nature of Conflict | Extent of SWOC Infiltration | Company Tactics |
|---|---|---|---|
| Johnstown | Strike with minor violence in 1937. Effective strike in 1940. | Weak organization in 1937. Worker education started. | Mohawk Valley Formula. |
| Bethlehem | No strike in 1937. | Same as above. Rapid progress in 1937-1942. | Not applicable. |
| Lackawanna | No strike in 1937. Effective strike in 1940. | Same as above. | Not applicable. |
| Rankin | No strike in 1937. | Same as above. | Same as above. |
| Lebanon | Same as above. | Moderate progress with worker education in 1937-1942. | Same as above. |
| Steelton | Same as above. | Same as above. | Same as above. |
| Harrisburg | Same as above. | Not known. | Same as above. |
| Sparrows Point | Same as above. | Little success with worker education in 1937-1942. | Same as above. |
| Pottstown | Same as above. | Same as above. | Same as above. |
| Leetsdale | Same as above. | Same as above. | Same as above. |
| Los Angeles | No strike in 1937. Effective strike in 1940. | Not known. | Same as above. |

Youngstown Sheet and Tube

Frank Purnell headed the Youngstown Sheet and Tube Corporation. At the time of the initial SWOC strike, the company employed about 23,000 workers. Those plant sites belonging to Youngstown Sheet and Tube listed below were the scene of SWOC strike activity.

(1) Youngstown, Ohio - Struthers Plant.

(2) Indiana Harbor, Indiana.

(3) Chicago, Illinois - East Chicago Plant.

On April 28, 1937, the SWOC met with representatives of Youngstown Sheet and Tube concerning possible recognition of the union. The company noted it was willing to bargain with the SWOC, but it would not sign a written contract. Two other meetings proved fruitless, so the SWOC included the company in that group of plants against whom they called a strike on May 26 (1, pp. 99, 100).

At first, the strike seemed totally effective against all three of the company's plants; however, Youngstown Sheet and Tube had been developing plans for fighting the anticipated strike. In Youngstown, Ohio, the company had begun in March, 1937, to prepare for possible union difficulties. The company sponsored dinners at its Struthers plant where it "educated" local community leaders concerning the economic contribution that the plant made to the city. These community leaders were persuaded to support Youngstown Sheet and Tube should the union cause trouble at the plant. When the strike was called, the company responded with its prepared version of the Mohawk Valley Formula. Ray Thomas, ". . . a district attorney once indicted for graft," (27, p. 83) headed a back-to-work movement. His statement sums up his attitude toward the SWOC: "'Give me 200 good, tough,

armed men and I'll clean up them sons of bitches on the picket line in no time'."[1] The back-to-work movement was supported by the Mahoning Valley Citizens' Committee, the town's only newspaper, The Vindicator, and a bank president, Carl Ullman. The sheriff of Mahoning County was in charge of directing the anti-strike activities in Youngstown.

> He improvised armored wagons, pierced with holes for rifles, which he flaunted daily along peaceful picket lines. His wholesale swearing in of deputies was comparable to Shields' enlisting of his own army of armed men. (21, p. 205).

The nature of the strike situation at Youngstown, Ohio, has been partially presented in this study. It is noteworthy, however, that the strike was generally peaceful during its first two weeks. On June 9, trouble did start and there was an immediate growth in the special police force and in back-to-work activity. It has already been noted that the county police force had 152 men added to it of whom 94 were loyal Sheet and Tube and Republic Steel workers. In addition, the city employed an extra 60 policemen who were also "loyal" company employees (1, p. 103). Ralph Elser, the county sheriff, obtained unlimited credit from banker Ullman and got ". . . a draft with which he purchased ten thousand dollars' worth of tear gas and other equipment." (27). On June 19, the company announced that it would reopen its plant on June 22 and urged the workers to return to work. It offered aid to those employees who were willing to return to work as they would have to cross the picket lines. On this same day, violence broke out at the Republic plant in Youngstown and deputies and strikers went to the plant. There was violence throughout the night with the pre-

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[1] As quoted by the author (27).

viously mentioned result that two strikers were killed and 42 injured (1, p. 104).

At this point, Governor Davey called in the National Guard with the orders to maintain the status quo until Federal mediators in the area could complete their investigation. There is evidence to suggest that, with the arrival of the Guard, the anti-union forces benefited most substantially from the Guard's activities.[1] Pickets were limited to six at each gate; arrests became widespread (27, p. 84). On June 24, when the mediation ended, the Guard was ordered to permit the plants to reopen. While some pickets remained on the line, the bulk of the strikers returned to work. The strike was effectively broken.

In Indiana Harbor and in East Chicago, the Youngstown plants were completely closed by the strike. Applying the same tactics used at Youngstown, Ohio, the company weakened the strike.

It was clear to the SWOC leadership that the strike against Youngstown was practically broken by the end of June. The Mohawk Valley Formula had proved to be quite effective. By the first of July, the SWOC officially called off the strike against the company (3, p. 138).

The SWOC appealed to the NLRB and charged the company with unfair labor practices. In February, 1938, prior to the NLRB hearings on the charges, the SWOC and the company began a series of meetings which were to last throughout that year. As a result of the meetings, the company agreed to rehire some 140 union men that had been fired during the strike. This was, however, about all that the meetings did accomplish, and it appeared

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[1]There is no great dispute about this. See Levinson (21, p. 206).

that the company was merely using the meetings as a delaying tactic. By 1940, the SWOC had managed to establish a grievance procedure that was acceptable to the company (3, pp. 145, 146). On July 25, 1941, Youngstown agreed to accept the results of an NLRB check of SWOC members in its plants. The examination disclosed that the SWOC had 14,800 members out of a total work force of 20,133 (1, p. 116). In September, the contract negotiations began, but they were not successfully concluded prior to U. S. entry into World War II. So, as was the case with Republic and Bethlehem Steel, the National War Labor Board was called upon to decide the disputed areas of the contract. In early August, 1942, the SWOC and Youngstown finally signed a written contract (1, pp. 117, 118). The following table summarizes the SWOC effort in the Youngstown Sheet and Tube Corporation.

Inland Steel

L. E. Block headed the Inland Steel Corporation. At the time of the conflict, Inland employed 11,000 workers. The company had two plants that were the particular targets of the SWOC. These plants were located at Indiana Harbor, Indiana, and Chicago Heights, Illinois.

During the winter of 1936 and 1937, the SWOC had engaged in a strong organization effort in Inland Steel and felt it had a majority of the company's employees as members by March, 1937. When the SWOC requested that Inland enter into an agreement similar to that with U. S. Steel, the company indicated that it was willing to accept many of the SWOC demands, but that it would not sign a written contract (27, p. 76). On May 26, Inland was included in the SWOC strike call. The company "made no effort to open its plants and no violence occurred during the strike against this company." (3, p. 138). Governor Townsend of Indiana acted as an unofficial

Table 3. Summary table for Youngstown Sheet and Tube and the SWOC

| Plant Location | Nature of Conflict | Extent of SWOC Infiltration | Company Tactics |
|---|---|---|---|
| Youngstown | Strike with violence. | Moderate organization prior to strike in 1937. | Mohawk Valley Formula. |
| Indiana Harbor | Same as above. | Strong organization of work force prior to strike in 1937. | Same as above. |
| Chicago | Same as above. | Same as above. | Same as above. |

mediator between the SWOC and Inland. On July 1, 1937, Inland sent a message to Governor Townsend in which it

> . . . agreed to recognize the S. W. O. C. as the bargaining agent for its members. It agreed to reinstate without discrimination those who took part in the strike. And it agreed to retain in force wages, hours, grievance machinery, and overtime rates almost identical with those in the U. S. Steel agreement. (3, p. 144).

In July, 1941, Inland agreed to an NLRB check of SWOC membership in its plants as did Republic and Youngstown Sheet and Tube. The NLRB found that the SWOC had a membership of 8700 out of some 11,800 employed by Inland and was therefore legally entitled to be the exclusive bargaining agent. In September, bargaining began and the disputed points were submitted to the National War Labor Board. As was the case with the previously examined companies, Inland signed contracts with the SWOC in August, 1942 (1, pp. 116-118).

National Steel

Ernest T. Weir headed the National Steel Corporation at the time of the SWOC effort. National employed about 14,000 men. The company had plants located in Detroit, Michigan; Weirton, West Virginia; and Steubenville, Ohio.

The SWOC had made very little progress in its attempts to organize the workers at National. The company had adopted hostile tactics toward the SWOC from the beginning of the organization effort in 1936. Organizers were beaten and ordered out of town after town where National had plants. When the SWOC sought redress in the local courts, the grand juries and courts either refused to issue indictments or found in favor of the company (21, pp. 211-213).

> In National Steel, an effective combination of the Weirton Hatchet Gang, so called by union supporters because of its physical assaults upon union men, with a well-oiled company union had held unionism at bay since the strike of 1933. (3, p. 135).

Since the union movement had so little success, the SWOC recognized that a strike call at National would be ineffective and decided to appeal its case directly to the NLRB. The Board began hearings on the alleged violations of the Wagner Act in 1937. The Board was denied facilities at Weirton, West Virginia, and was driven away by anti-board groups in Steubenville, Ohio. Hearings were held at Cumberland, West Virginia, and at Pittsburgh, Pennsylvania.[1] The Board found that the company had dominated the lives of the employees, had discriminated in hiring, firing, and tenure because of union activities, and had generally coerced its employees in the exercise of their rights (21, pp. 212, 213). By September, 1942, National Steel remained unorganized.

American Rolling Mills

American Rolling Mills was headed by Charles Hook, a former president of the National Association of Manufacturers. At the time of the SWOC effort, the company employed about 12,000 workers.

The SWOC had very little success in organizing the workers of American. The company had a long established tradition of company unions, employee welfare programs, wages and hours favorable to those won in U. S. Steel, and a strong influence in the cities where plants were located (3, p. 148). The SWOC decided, as it had in the case of National, that there

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[1] A graphic presentation of National's anti-union activities is presented in (21, pp. 211-213; 3, p. 148).

would be no point in calling a strike and appealed its case to the NLRB. The company was successful in warding off the SWOC organization during the time span covered by this examination. That is, by September, 1942, the company was still unorganized.

## Conclusion

In this chapter we have set forth essential background information prior to the SWOC effort; described the structure of the SWOC; and summarized the organization effort in Big and Little Steel through September of 1942. The study of the organization effort provides an interesting study in conflict behavior. On the one hand, U. S. Steel, the largest of the steel producers, submitted rather quickly to the organization effort. With its capitulation, several other steel companies also signed agreements with the SWOC without any noteworthy violence.[1] By the end of March, 1937, the SWOC reported that they had contracts with 142 steel firms, a membership of 375,000, and had organized about 70% of the industry.[2] On the other hand, another group of steel producers had decided to resist the organization effort in virtually any way they could. After March, 1937, this Little Steel group was definitely in the minority with respect to the number of

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[1]The Jones and Laughlin Steel Company was an exception to this tide of peaceful submission that swept the steel industry. It was necessary for the SWOC to strike this company for a period of from 36 to 48 hours before winning out. The SWOC was, however, quite strongly represented in Jones and Laughlin, either by actual membership or through worker sympathy.

[2]Galenson (1, p. 99) feels that this data was exaggerated by the SWOC, and that does seem quite likely. It is both a common practice and good strategy for a union to do this during an organization attempt. It is difficult to disprove the SWOC claims, however, since it is highly probable that no one knew then or will ever know for sure the actual number of SWOC members <u>during</u> the organizing effort.

firms and the number of employees involved. They did manage, however, to prevent the SWOC from organizing their plants for several years.

This contrast in management behavior provides an excellent vehicle for studying the diverse aspects of union organization efforts. Such a study of actual events also helps to clarify the nature of conflict behavior generally. The following chapter is an attempt to show analytically why the biggest portion of the steel industry felt moved to accept a union, and why other producers decided to fight what appears to be, in retrospect, a losing battle.

# CHAPTER III. AN INSTITUTIONAL ANALYSIS OF THE ORGANIZATION EFFORT

## The Importance of the Steel Industry to the CIO

Of the several factors causally related to both the success and failure that the SWOC experienced during the organization effort, the urgent need felt by John L. Lewis and others in the CIO to organize steel appears to have been of paramount importance. To understand the necessity of organizing steel, three specific items need to be considered: (1) how steel is manufactured; (2) the amount of vertical integration in steel; and (3) the role of the captive mines.

The diagram on the following page portrays the manufacturing process in steel. It is primarily an extractive one, involving the direct procurement of both fuel and primary material from the earth. This underlines the relationships between the steel and the mining industries. As shall be shown, this close relationship between the two industries prompted Lewis' action to organize the steel industry in order that he might more fully protect the extent of the United Mine Workers existing organization strength in the mining industry and to expand that union into the mines owned by the steel corporations.

There are two basic kinds of coal. Anthracite coal or "hard" coal has a very high carbon content, a lot of heating power, and burns with a rather smokeless flame. Anthracite coal deposits are concentrated in Pennsylvania. It is used primarily for general heating purposes. Bituminous coal or "soft" coal has a rather low carbon content, generates a lot of smoke when burned, but has a tendency to cake or "coke" when exposed to extreme heat. As can be seen on the diagram, coke is used in the manufacturing

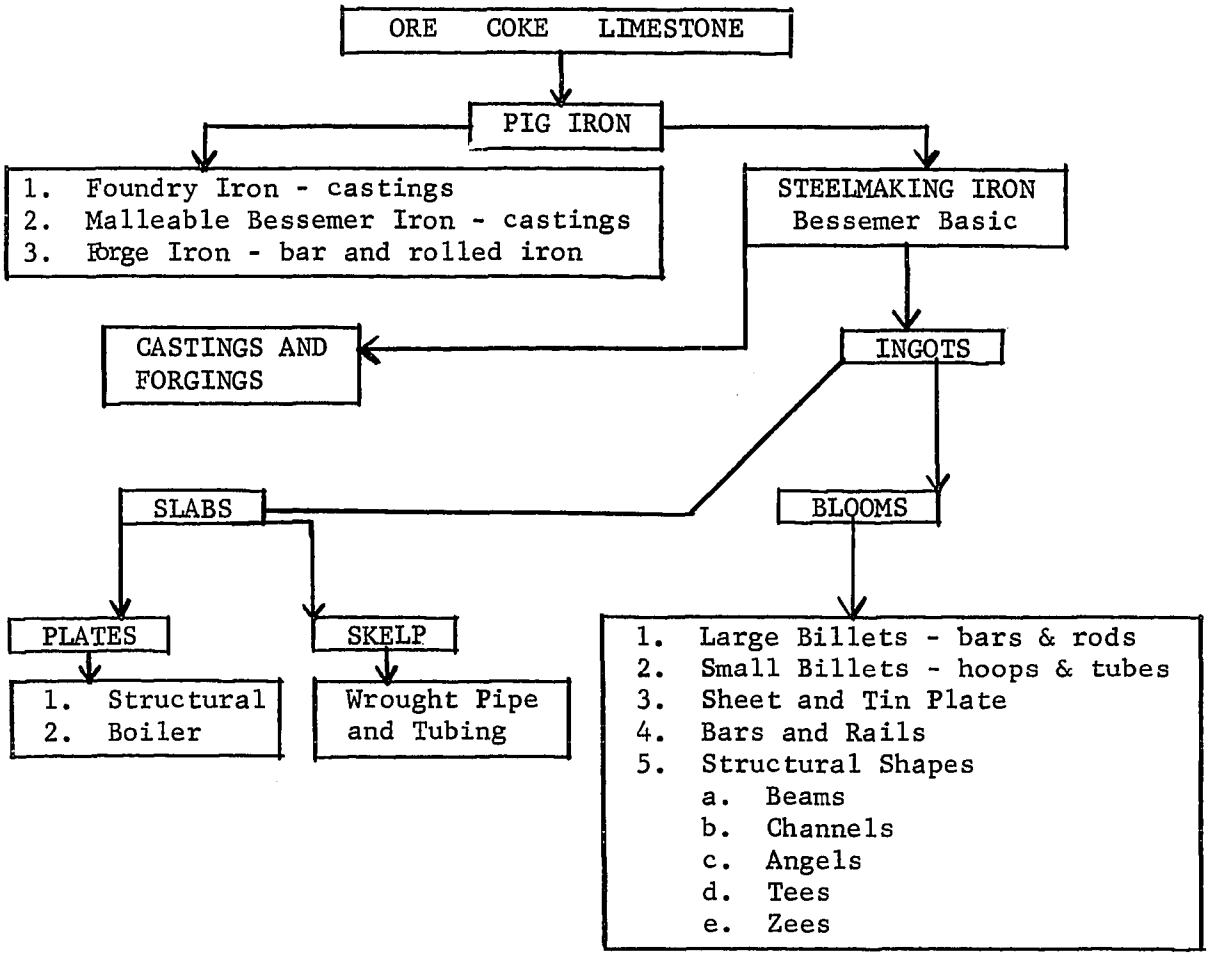


Diagram 1. The steel manufacturing process[1]

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[1]Source: (32, Table 2, p. 12).

process of steel. When bituminous coal is converted to coke, the result is an extremely potent heat source from which all gaseous elements and other impurities have been removed. Coke gives off heat with virtually no smoke and is a very efficient fuel. Bituminous coal deposits are found in many states over the country, but a particularly good source of bituminous coal suitable for conversion to coke is found in the Appalachian range. This range consists of portions of Ohio, Maryland, Pennsylvania, West Virginia, Virginia, Kentucky, Tennessee, Georgia, North Carolina, and Alabama.

Vertical integration of the manufacturing process was widespread in the steel industry. This meant that it was not unusual for the steel companies to own and/or control such things as iron ore deposits, coal and coke sources, limestone deposits, transportation facilities, local land and utility companies, warehouse facilities, and oil field supply stores as well as the basic steel production facility consisting of blast furnaces and steel and rolling mills.

Some idea of the extent of mine ownership by the steel industry is revealed by the following tables. Table 4, for U. S. Steel, shows the mine property obtained by the firm both as a result of its acquisition of other firms and those constructed by the corporation. This procedure is followed in tables 5-15 which represent mine property owned by 11 other steel companies.[1]

Since U. S. Steel was formed by a merger of a large number of existing companies, the properties are associated with the initial owner prior to the merger where this is possible. The other tables report the coal and

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[1]Data for tables 4-15 was obtained from (33, pp. 1-80).

Table 4. Coke and coal sources owned by U. S. Steel as of December 31, 1939

| Coal and coke sources | Date acquired |
|---|---|
| National Tube Co. | |
| Coal lands in Fayette County, Pa., Benwood, W. Va., and Steubenville, Ohio. | 1901 |
| American Sheet Steel Co. | |
| Coal lands in Armstrong and Westmoreland Counties, Pa. and in Tuscarawas and Belmont Counties, Ohio. | 1901 |
| American Sheet and Tin Plate Co. | |
| National Mining Co., Allegheny and Washington Counties, Pa. 1/3 interest. | 1904 |
| Carnegie Co. | |
| H. C. Frick Coke Co., Westmoreland and Fayette Counties, Pa. | 1901 |
| National Steel Co. | |
| Continental Coke Co., Uniontown, Pa. | 1901 |
| Standard Connellsville Coke Co., Pleasant Unity, Pa. | 1901 |
| Coking coal land in Westmoreland County, Pa. | 1901 |
| Coal lands in Panhandle Region of Pittsburgh District | 1901 |
| American Steel Hoop Co. | |
| National Mining Co., Pittsburgh, Pa. 1/3 interest. | 1901 |
| American Steel and Wire Co. of N. J. | |
| Coal lands in Westmoreland County, Pa., Fayette County, Pa., and Greene County, Pa. | 1901 |
| American Coke Co., Westmoreland and Fayette Counties, Pa. | 1901 |
| Juniata Coke Co., Dawson, Pa. ½ interest. | 1901 |

Table 4 (Continued)

| Coal and coke sources | Date acquired |
|---|---|
| Puritan Coke Co., Baggaley, Pa. | 1901 |
| Carnegie Steel Co. | |
| Mingo Coal Co., Washington County, Pa. | 1903 |
| National Mining Co., Allegheny and Washington Counties, Pa. 2/3 interest. | 1904 |
| Clairton By-Product Coke Co., Clairton, Pa. | 1918 |
| Federal Steel Co. | |
| Southwest Connellsville Coke Co., Westmoreland County, Pa. | 1901 |
| Coal lands in Fayette County, Pa. | 1901 |
| U. S. Coal and Coke Co., McDowell County, W. Va. | 1901 |
| Coal lands in Williamson County, Ill. and Westmoreland County, Pa. | 1901 |
| Union Steel Co. | |
| River Coal Co., Fayette County, Pa. | 1902 |
| Republic Coke Co., Fayette County, Pa. | 1902 |
| Federal Coke Corp. - originally Sharon Coke Co., Masontown, Pa. | 1902 |
| Sharon Coal and Limestone Co., Butler, Mercer and Lawrence Counties, Pa. 2/3 interest. | 1902 |
| Pittsburgh and Erie Coal Co. | 1931 |
| McClure Coke Co. | 1903 |
| United Coal and Coke Co. | 1903 |
| Smiley Mines, Smiley Station, Pa. | 1904 |

Table 4 (Continued)

| Coal and coke sources | Date acquired |
|---|---|
| Gates Mines, Adah, Pa. | 1904 |
| Chambers Mines, Pleasant Unity, Pa. | 1904 |
| Hecla Coke Co. | 1905 |
| Coking coal properties at Fayette, Green and Washington Counties, Pa. | 1911 |
| Washington Coal and Coke Co. | 1930 |
| Clairton Steel Company | |
| Coal lands in Fayette County, Pa. | 1904 |
| Tennessee Coal, Iron and Railroad Co. | |
| Coal mines at Pratt City, Ensley, Wylam, Stockton, Blossburg, Adger, Johns, Sumter, Blocton, Henry-Ellen, Gamble, Alabama and Whitwell and Tracy City, Tenn. | 1907 |
| Coke plants at Pratt City, Ensley, Wylam, Bessemer, Johns, Blocton, and Birmingham, Alabama and Whitwell and Victoria, Tenn. | 1907 |

Table 5. Coke and coal sources owned by Bethlehem Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Lehigh Coke Co. | 1917 |
| Bethlehem Mines Corp., Bethlehem, Steelton, Lebanon, Hanover, Pa. and McAfee, N. J. | 1917 |

Table 5 (Continued)

| Coal and coke source | Date acquired |
|---|---|
| Elkins Coal and Coke Co., Preston and Monongalia Counties, W. Va. | 1919 |
| Finch Run Coal Co., Marion County, W. Va. | 1920 |
| Jamison Coal and Coke Co., W. Va. | 1920 |
| Ellsworth Collieries Co., Washington County, Pa. | 1922 |
| Slickville Coal Properties | 1923 |
| Undeveloped coal properties at Cambria, Blair and Bedford Counties, Pa. and Kanawha County, W. Va. | By 1929 |

Table 6. Coke and coal sources owned by Republic Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Coal lands and about 1,000 coke ovens of Pioneer Mining and Manufacturing Co., Birmingham and Thomas, Ala. | By 1909 |
| Martin Coke Works and Connellsville Coal Lands | 1908 |
| Woodside Coke Co. | 1910 |
| Bessemer Coal and Coke Co., Allegheny County, Pa. | 1917 |
| By-Product Coke Works, Youngstown, Ohio | 1913 |
| Donner-Hanna Coke Corp., Buffalo, N. Y. ½ interest. | 1930 |
| Josephine Furnace and Coke Co., Pa. | 1935 |
| Coal mine and coke ovens at Brownsville, Pa. | 1936 |

Table 7. Coke and coal sources owned by Youngstown Sheet and Tube Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Coke plant, Struthers, Ohio | 1915 |
| Buckeye Coal Co., Nemacolin, Pa. | 1913 |

Table 8. Coke and coal sources owned by Inland Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Inland Coal and Washington Co., DeSoto, Ill. | 1904 |
| By-Product Coke Plant, Indiana Harbor, Ind. | 1913 |
| Inland Collieries Co., Allegheny, Pa. | 1917 |
| Indianola Coal Co., Pittsburgh, Pa. | 1917 |
| C. W. & F. Mining Co., Williamson County, Ill. | 1918 |
| Stover Coal Co., Fayette County, W. Va. | 1920 |

Table 9. Coke and coal sources owned by American Rolling Mill Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Portsmouth Solvay By-Product Coke Plant, Ohio ½ interest | 1917 |
| Coal mines at Marting, W. Va. | By 1919 |
| Coal mining property at Nellis, W. Va. and Rush, Ky. | 1920 |
| Armco Coal Mining Corporation, Marting, W. Va.[a] | 1930 |
| Nellis Coal Corporation, Nellis, W. Va.[a] | 1933 |

[a]Dissolved in 1938.

Table 10. Coke and coal sources owned by Colorado Fuel and Iron Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Grand River Coal and Coke Co. | 1892 |
| Coal lands in Colorado and New Mexico | By 1919 |
| Colorado Industrial Co., coal and iron lands in Colorado, Wyoming and New Mexico | 1903 |

Table 11. Coke and coal sources owned by Jones and Laughlin Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Vesta Coal Co., Washington County, Pa. | Prior to 1902 |
| Shannopin Coal Co., Greene County, Pa. | 1921 |

Table 12. Coke and coal sources owned by National Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Weirton Coal Co., Pa. and W. Va. | Prior to 1929 |
| Donner-Hanna Coke Corp., Buffalo, N. Y. | 1930 |

Table 13. Coke and coal sources owned by Pittsburgh Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Monessen Coal and Coke Co., Monessen, Pa. | By 1909 |
| Coal lands in Fayette and Green Counties, Pa. | 1918, 1919 |
| Coke plant at Republic, Pa. | 1938 |

Table 14. Coke and coal sources owned by Wheeling Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| Consumers Mining Co., Harmarville, Pa. | Prior to 1919 |
| Emperor Coal Co., Kentucky | 1933 |

Table 15. Coke and coal sources owned by Sharon Steel Corporation as of December 31, 1939

| Coal and coke source | Date acquired |
|---|---|
| The Sharon Steel Corporation did not own any coal or coke sources until 1946. This is outside the time period under consideration herein. | |

coke sources added to the respective corporations without regard to their original owner.

The information presented is based on the 12 largest steel corporations as of 1950. It was impossible to construct a table for every steel corporation of consequence in 1937 and, thus, the data is incomplete. The tables do give, however, some idea as to the extent of mine property and coke property ownership in the steel industry.

The coal mines owned by the steel companies were known as the "captive" mines. The following brief review of the United Mine Workers'

experience in maintaining a strong union foothold in the bituminous mines reveals why Lewis felt it of utmost importance to organize the steel industry.

The UMW had a relatively stable union organization in the bituminous coal fields at the turn of the century. There was one important bituminous area that the union had failed to penetrate by 1901, however, and that was the very rich bituminous field in West Virginia. Mine operators who owned non-union mines in West Virginia as well as owning union mines elsewhere, found themselves with a strong anti-union weapon. Whenever the demands of the union for whatever reason appeared undesirable to the operator, he could shift his operations to the non-union fields and close down the union mines. Additionally, those mine owners who owned properties exclusively in West Virginia had a strong competitive advantage over the rest of the bituminous coal industry since, by being non-union, they paid lower wages, and could sell at lower prices (16, pp. 326, 327).

The UMW attempted to organize the West Virginia fields in 1901, but had only limited success. By 1912, for example, the union could credit itself with having organized only the Cabin Creek area (16, p. 33).

During World War I, the threat to the union posed by the non-union fields was eased temporarily by the war-time demand for coal. In 1917, 1918, and 1919, workers in both the anthracite fields and the bituminous fields gained wage increases, although those granted in the bituminous fields fell short of those granted in anthracite. There was labor unrest in the bituminous fields in West Virginia and Kentucky from 1919 through 1922 over wages and working conditions (16, pp. 469-488).

Bituminous mining was a very "sick" industry in the 1920's. The post-

war recessions in the industry, the introduction of machinery in the mines, the development of competing sources of power, and increased competition from the non-union coal fields resulted in a general decline in the strength of the UMW. It has been observed that, "throughout the twenties . . . the union was fighting for its very existence in the bituminous fields . . .." (16, p. 568).

The non-union coal fields had a particularly adverse effect on the UMW. Wages were reduced in the non-union fields in Alabama, Kentucky, and West Virginia. In 1925, even the union operators in the West Virginia mines reduced wages to their 1917 levels. Mine operations were shifted to the non-union fields to such an extent that by 1925, 60 percent of the total coal output was from non-union mines (16, pp. 562, 563). The net result was that the UMW was greatly weakened in the bituminous fields.

The onset of the Great Depression in 1929 resulted in the collapse of the coal industry and further undermined the already debilitated UMW position in the mines.

> Since labor constituted about two thirds of mine costs, the operator passed on his falling prices in lower wages. Survival depended upon wiping out union wage scales and with them the union itself. (34, p. 360).

The UMW organization collapsed along with the coal industry in the depression. It has been stated that, "in fact, the international union had virtually no history during the Great Depression." (34).

It is apparent, however, that one very important lesson was well learned by Lewis during these years. That is, he was made increasingly aware of the need to organize the entire coal industry so that the damage to the union that had resulted from the competition of the non-union fields

in the past would not happen again.

Tables 4 through 15 reveal something of the extent of coal mine ownership by the steel companies. The steel companies had taken advantage of the generally weak position of the UMW in the bituminous fields and, by the late 1920's, had established an open shop policy in their mine holdings (19, p. 177; 21, p. 21). There was little that the UMW could do about that policy until the passage of the National Industrial Recovery Act of 1933, and, later, the Bituminous Coal Conservation Act of 1935. The NIRA and the Coal Conservation Act restated the right of employees to form unions, and established a mechanism via their cooperative "code" provisions for adding some stability to the bituminous coal industry by permitting the various coal companies to enter into cooperative agreements.

> Not until he was elected President of the United Mine Workers of America in 1920 did Lewis realize fully how many mine workers were employed in the so-called captive mines owned and operated by the steel companies. In Harlan County, Ky., for instance, the United States Steel Corporation owned a big coal mine at Lynch from where it furnished anti-union leadership. In the negotiations leading to the approval of the Code of Fair Competition for the bituminous industry, the various steel companies operating coal mines refrained from associating themselves with the commercial operators of the coal industry. They hoped thereby to continue immune from the coal code, and at the same time be free from the code for the iron and steel industry. However, the National Recovery Administration (NRA) ruled that captive mines came under the provisions of the NRA to the same degree as the commercial operations. Some of the steel company subsidiaries strongly opposed their miners becoming members of the United Mine Workers of America. The UMWA insisted that the captive mines be brought under the same agreement as that covering the commercial operations in the districts where they were located. Of course, what the companies were really afraid of was unionism spreading to their steel workers. (35, p. 14).

Between 1932 and 1935, the UMW conducted what has been called ". . . one of the most rapid and successful organizing campaigns in American labor

history." (1, p. 194). Lewis turned the UMW organization into a powerful labor union. The passage of the NIRA and the Bituminous Coal Conservation Act provided the union with the needed legal protection for organizing the coal industry, and the workers' response to the union's appeals was very impressive. By early 1935, most of the coal industry, including most of the captive mines, had been organized by the UMW (1).

There were, however, some mines that remained unorganized by the UMW. In Illinois, for example, the rival Progressive Miners of America union still had jurisdiction over the miners. The Harlan, Kentucky mines, the West Kentucky Coal Company mines, the mines owned by the Phelps-Dodge Company at Dawson, New Mexico, and the miners of the Alabama Fuel and Iron Company were also unorganized. In addition, the captive mines of the U. S. Steel Corporation located in West Virginia and Kentucky were unorganized (1, pp. 194, 195).

While the UMW had thus been successful in its organization efforts in the early 1930's, stability and security for the union was not yet completely assured. The captive mines in the steel industry presented the union with two serious problems. That is to say, until steel was organized, Lewis could not be sure that the existing UMW penetration of the captive mines was secure, nor could he organize the remaining captive mines with any assurance that such an effort would be of lasting success. One problem was that competition from the unorganized captive mines would provide the same sort of competitive advantage that the southern Appalachian mines enjoyed in the 1920's. This could lead to a repetition of the general weakening of the UMW that had previously occurred. The second problem was that as long as the steel industry remained unorganized, the anti-union

sentiment in the industry would continually threaten the UMW penetration of the mines.

These problems became even more apparent to Lewis when

> . . . there were distinct indications in 1936 that the steel interests might lead a counter-attack on the union early in 1937 when the time came for a new contract. (19, p. 179).

The steel industry had followed an open shop policy. It had to be organized to protect the UMW.

### The Capitulation of the United States Steel Corporation

Robert R. R. Brooks notes that "it is almost impossible to overestimate the symbolic importance of the U. S. Steel agreement to the SWOC campaign." (3, p. 120). The agreement represents a peaceful submission to the union demands by the largest corporation in the steel industry. It would presumably have had the greatest financial resources at its command to resist the SWOC had it chosen to do so. The agreement added impetus to the organizing campaign in the industry since many other steel firms soon recognized the SWOC too. The agreement also divided the steel industry into two hostile camps as Little Steel prepared for conflict.

The historical record is not complete at the present time as to all the reasons why U. S. Steel decided to recognize the SWOC.[1] The available evidence strongly suggests that U. S. Steel decided not to resist the organization effort because to do so would have been uneconomic.[2] That is,

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[1]The totality of the reasons may never be known for, as Galenson notes, the executive minutes and policy papers of U. S. Steel during the relevant time period have never been made public (1, p. 93).

[2]Support for this view is found in (1, pp. 93-95; 26, pp. 180-182; 21, pp. 199, 200; and 18, pp. 224, 225).

U. S. Steel appears to have recognized that to have willingly submitted to a strike would have been too financially costly and that, ultimately, some union would have successfully organized their workers anyway. By recognizing the SWOC as the bargaining agent for its members, the Corporation avoided financial losses and was able to deal with just one industrial union. The factors that led to recognition are made clear when examined in terms of those that were external to the firm and those that were internal.

External factors affecting the decision making process of a firm or institution are those that at the time the decision is made are exogenous to the decision maker, and/or are factors over which the firm or institution has no direct control. Examples of such factors are, past economic conditions that influence the firm, the legal structure of the society, and the political climate. Internal factors are those elements or structures within the firm or institution itself that affect the decision process. Such factors are endogenous to the firm or institution, and/or are elements over which, at the time of the decision making, are subject to at least some control. Examples of such internal factors are, the evaluation of current and prospective economic data that affect the firm and the behavior of various components that make up the firm, such as employee associations.

Economic conditions confronting U. S. Steel at the time of the SWOC effort were encouraging for the first time since 1931. The following table presents income and loss data for the firm from 1929 through 1936.

The table shows that U. S. Steel had experienced losses during the fiscal years 1932, 1933, and 1934. The income for 1935 and 1936 was certainly not as impressive as it had been in 1929 and 1930, but at least the firm was not experiencing losses.

Table 16. Income and loss data for the United States Steel Corporation, 1929-1936[1]

| Year of operation | Income or loss (In millions of dollars) |
|---|---|
| 1929 | $197.5 |
| 1930 | 104.4 |
| 1931 | 13.0 |
| 1932 | -71.2 |
| 1933 | -36.5 |
| 1934 | -21.7 |
| 1935 | 1.1 |
| 1936 | 50.5 |

[1]Source: (36, p. 225).

The existing legal structure during the period also was an external factor leading U. S. Steel to recognize the SWOC. Two federal statutes were prominent during the effort: the National Industrial Recovery Act of 1933 and the Wagner Act of 1935. The National Industrial Recovery Act was representative of many economic recovery proposals advanced during the early 1930's. The NIRA and its administrative body, the National Recovery Administration, was designed to permit cooperation among firms within an industry in place of "ruinous" price competition. Anti-trust laws were suspended in order to permit the firms to establish cooperative "codes" for the conduct of business. In addition, the NIRA had provisions that applied specifically to labor unions. Sections 7 (a), (b), and (c) granted workers the right to organize and bargain collectively through representatives of their own choosing. Furthermore, the President was given the power to establish such things as the maximum hours of work, minimum rates of pay, and

the general responsibility of encouraging collective bargaining.

Organized labor was consulted in the drafting of the NIRA. Green ". . . wanted a provision inserted dealing with collective bargaining, and Section 7 (a) was then inserted." (37, p. 205). John L. Lewis was also instrumental in obtaining approval of the NIRA, although he did not personally appear before the House Ways and Means Committee who held hearings on the bill. Lewis had come to the conclusion that industrial stabilization was important to the general economic recovery of the country from the depression. He proposed to the Senate that:

> . . . Congress declare a national emergency and call for a reorganization of industrial and financial activities; that an emergency board, composed of industry, labor, agriculture, and finance, acting under the President, be set up and given plenary powers; that the board be instructed to reduce the hours of labor to the point where the unemployed would be absorbed; that labor be accorded the right to organize and bargain collectively; that the board fix prices of commodities to assure a reasonable return to labor; and that the board further undertake fundamental economic planning, as Congress might decide was wise. Through various further conferences, the Lewis plan became the basis for the National Industrial Recovery Act. The labor proposals became the famous Section 7A and the less famous Section 7B of the act. (21, p. 51). (Emphasis mine.)

The NIRA was not as satisfactory to organized labor as it might have been. It was declared unconstitutional by the Supreme Court in 1935, since it was viewed as an undue delegation of governmental powers to private parties (38). Management soon found that they could establish company unions under the NIRA without incurring the wrath of the NRA. These "independent employee representation plans" presumably gave the employees those rights promised by the law and still provided a bulwark against organized labor. Furthermore, the industry codes adopted by the NRA gave the employers the right to evaluate employees on the basis of merit. The adoption of a merit

system

> . . . is just as effective as a declaration that 'anyone joining a union will be discharged' since it leaves 'merit' to the determination of the employer. The employer who is hostile to unionism may discover without difficulty that good union men are always dropping tools or arriving late in the morning. (19, p. 75).

Even Lewis did not ". . . deceive himself into the belief that he had made capital and labor lie down together." (21, p. 51). On the other hand, Lewis did use the labor provisions of the Act to encourage workers to join unions. Union organizers were able to tell the workers that "the President wants you to join." Industry was to discover that the establishment of company unions merely provided a pre-existing organization which the SWOC could penetrate and convert to the C. I. O. The NIRA also was an indication that official Washington was sympathetic to organized labor. As Edelman has noted:

> So far as labor was concerned, the first administration Brain Trusters saw it as a key economic sector whose purchasing power and living standards needed to be improved, both for humanitarian reasons and to stimulate economic recovery. (39, p. 177).

When the NIRA was declared unconstitutional on May 27, 1935, Congress responded with the Walsh-Healey Act that specified that the federal government could establish minimum labor standards in federal contracts for $10,000 and more, and the Wagner Act. The Wagner Act was a pro-labor law. It was ultimately declared constitutional by the Supreme Court by a vote of 5 to 4 on April 12, 1937, in NLRB v Jones & Laughlin Steel Corporation (40). The Wagner Act represented a strong pro-labor sentiment by Congress.

> Congress reflected a growing public sentiment in favor of giving workers 'equal bargaining power' with management. In addition, the management objections to the bill were weakened in the eyes of many congressmen as a result of the instances

> of management defiance of the labor boards and the apparent widespread use of such anti-union tactics as espionage, blacklisting, and the storage of weapons. (41, p. 290).

The total tone of the statutory law during this period was pro-labor. Irrespective of those efforts that the steel industry took to stave off unions by establishing company unions, it was evident that Congress was willing to permit and encourage organized labor's efforts.

The general political climate was also significant as an external factor encouraging U. S. Steel to recognize the SWOC. John L. Lewis and the CIO had supported Franklin Roosevelt in 1936 and his reelection ". . . was widely hailed as a victory for trade unionism." (1, p. 95). In Pennsylvania the political climate was particularly pro-labor. The lieutenant-governor of that state, Thomas Kennedy, was the secretary-treasurer of the United Mine Workers. Governor George H. Earleof Pennsylvania was elected along with Kennedy by the support of the liberal middle class and organized labor.

> Earle had pledged that if a strike came, the steel workers would enjoy complete freedom of picketing and assemblage, and, while striking, might expect aid from governmental relief funds. (21, p. 199).

In addition Congress had been presented with

> . . . a resolution by Representative Harry Ellenbogen of Pittsburgh, calling for an investigation of the profits and price-fixing methods of the steel industry. (21, p. 200).

The sum of all these circumstances made clear that the political sentiment of the time was on the side of organized labor. It would appear that the more astute members of U. S. Steel management recognized that such feelings would eventually result in the organization of their workers.

There were four internal factors that caused U. S. Steel to recognize

the SWOC. These were the income prospects for the company for 1937 and beyond; the increasing militancy of the company unions and the successful SWOC penetration of these structures; the corporation's preference for dealing with a single union; and what might be called the professional management attitude of U. S. Steel as reflected in Myron Taylor's approach to management problems.

By early 1937, U. S. Steel had good reason to believe that their income figure might become even more respectable than it had been in 1936. Great Britain was rearming and was investigating the possibility of ordering steel from the United States. In February of 1937, the president of the British Board of Trade, Lord Runciman, was in the United States to explore the availability of steel here, and ". . . it was rumored that he was insisting upon a guarantee of uninterrupted production before he would let contracts." (1, p. 94). The evidence suggests, then, that U. S. Steel was in part motivated to recognize the SWOC because of good income prospects provided industrial peace could be insured. A strike would have hurt the company's potential bargaining position with Great Britain and would have weakened its income position.

The increasing militancy of the company unions combined with the successful SWOC penetration of those structures also influenced U. S. Steel in its decision to recognize the union. The NIRA immediately resulted in the establishment of company unions throughout the steel industry. By the close of 1934, ". . . almost all of the major firms established company unions, with an estimated 90 percent of the steel workers covered." (41, p. 301). Prior to the passage of the NIRA there were only seven employee representation plans in existence in steel (3, pp. 75, 76). Bethlehem

Steel had one of the oldest and strongest such organizations, but most of the industry had traditionally used the "front office" system of personnel relations. This system meant that a worker was dealt with individually by division executives who might or might not decide the issue fairly. The steel industry was anxious to avoid "outside" interference in labor relations, however, and with the passage of the NIRA, they began company unions.

The organization and structure of the company unions in steel was as follows. Each department in the plant elected a representative annually by secret ballot. The companies generally did not interfere with the election procedure, although they did encourage the workers to vote.

> Since participation in an election, especially in the first year of the plans, was interpreted as a sign of approval of the system as a whole, the motive for such pressure was the companies' anxiety to demonstrate to the government and the public that their employees overwhelmingly preferred employee representation to outside unionism. (3, p. 80).

Once the representatives were selected, they met and elected a secretary-treasurer and a chairman. The chairman appointed the various committees such as those on Rules and the General Committee which dealt with wages and hours. Generally the structure of the company unions did not permit regular meetings of the rank and file. The structures also permitted frequent meetings between the representatives and management. The grievance procedure was not unlike those existing with organized labor except that ". . . the companies retained the unabridged right of discharge." (3, p. 81).

The employees themselves recognized certain shortcomings in such a plan. They were anxious for greater independence in such things as the selection of representatives, the recall of representatives, and the

ability to terminate contracts unilaterally. There were other problems with the plans as well. These included the following: generally no provision for the payment of dues; little contact with other company unions in the industry; no signed contract between labor and management; no provision for meetings of the rank and file; and little sophistication in the bargaining process since the representatives did not have professional assistance. In fact, no real collective bargaining took place between management and the company union representatives. As a rule, management granted whatever management wanted to grant and the company unions accepted it (3, pp. 82, 83).

The company unions became increasingly disenchanted with the bargaining process as they were repeatedly beaten in their demands for higher pay and other benefits. This was particularly true in U. S. Steel. In 1935 and 1936, the company unions of U. S. Steel became even more independent. They began to form district councils for the interchange of information and to consolidate backing for their respective goals. Some of the councils are shown in the following table.

The Associated Employees was an outgrowth of a convention of employee representatives at New Castle, Pennsylvania in September, 1935. The employees' representatives at the convention emphasized their unhappiness with the existing bargaining procedure by demanding higher pay and other fringe benefits, the appointment of a labor arbitrator to settle industrial disputes, and management's surrender of the unilateral discharge. Management of U. S. Steel refused to grant these concessions and by April, 1936, the company unions were very unhappy.

Even the passage of the Wagner Act with its seemingly specific proviso

Table 17. U. S. Steel company unions' district councils[1]

| | Name | Date of origin | Representing |
|---|---|---|---|
| (1) | The Associated Employees | September, 1935 | Carnegie - Illinois. (U. S. Steel Subsidiary). |
| (2) | Rubicon Lodge | January 12, 1936 | Same as above. Gary, Indiana |
| (3) | Calumet Council | Not known | Chicago, Illinois |
| (4) | Pittsburgh Council | March 7, 1936 | Carnegie - Illinois |
| (5) | Associated Iron and Steel Employee Representatives | Not known | Carnegie - Illinois, Inland Steel, and Calumet Steel |

[1]Source: (3, pp. 87-89).

against company unions did not materially alter management's attempt to establish such organizations.

> Carefully worded suggestions how company unions may be transformed into 'independent' unions without running afoul of the Wagner Act were periodically transmitted by the National Association of Manufacturers to its 80,000 employer members. A bulletin mailed by the association in August, 1937, suggested a complete set of procedures, including the wording of membership appeals, application blanks, and a constitution and by-laws which fixed dues at fifty cents a month. (21, p. 222).

The machine that steel had created in an effort to avoid organized labor was to be turned against them. The structure of the company union provided a means for SWOC infiltration. "One of the first moves planned in the campaign of SWOC was to 'capture' company-unions." (42, p. 22). The SWOC was successful in its efforts to accomplish this. One of the main features of the organizing effort was the ". . . frequency with which whole

company unions rebelled against company control and joined SWOC in a body." (20, p. 267).

The strategy employed by the SWOC in winning over the company unions consisted of several steps. First, the SWOC did not attempt to "label" the employee representatives as company "stooges." Instead it wisely recognized that these men generally were sincere in their efforts to establish true collective bargaining agreements. Second, the SWOC convinced the leadership of the company unions that they should associate themselves with the SWOC. Third, the company union representatives were encouraged to press hard for the settlement of pending grievances. In this way, if the union won, the SWOC could claim partial credit for its own influence and if the union lost, the SWOC could use this fact to demonstrate the weakness of the company union arrangement. Fourth, the SWOC urged its employee representatives to insist on a "verbatim" reporting of council and committee minutes to destroy any illusion on the part of the rank and file that relations between management and labor were harmonious. Fifth, the SWOC caused the number of committees in the company unions to be increased. This not only involved more workers in a union movement, but it also increased the cost of the company union plan to the firms since they paid employees for time spent on union activity. Sixth, the company union men were encouraged to extend "patronage" activity and, thus, involve more workers in union activity. Seventh, the company unions were stimulated to greatly increase their demands on wages and hours (3, pp. 75-109; 1, pp. 88-89).

As a result of this activity, the company unions became more independent and began to affiliate with the SWOC. By July, 1936, a group of

3,000 men joined the SWOC at the South Chicago works of U. S. Steel. Inland Steel employees numbering 300 men dissolved their company union shortly thereafter. On August 19, 1936, company union leaders from U. S. Steel plants in the middle-west met in Gary, Indiana and endorsed the SWOC organizing campaign. On August 25, 1936, 18 members of company unions in U. S. Steel in the Pittsburgh region met and expressed sympathy with the SWOC effort. Officials of the company union of Jones and Laughlin at Aliquippa met and endorsed the SWOC. The revolt of the company unions had begun (42, pp. 22, 23).

U. S. Steel management tried to counter the loss of the company unions by agreeing to the SWOC and the company union demands. They even went so far as to agree to sign a written contract which would provide the workers with a "cost of living" increase in pay (3, p. 99). The SWOC was able to give the public the impression that the contract would forever tie wage increases to the cost of living and that workers could never gain from increases in productivity. As a result, the company union groups generally refused to sign the contract because of the cost of living feature. Furthermore, the individual plants soon found that they would receive the increase in pay without signing the agreement. When this was discovered, disillusioned "loyal" company men also joined the SWOC (3, pp. 75-109).

The end result was that the SWOC won over the vast majority of the company unions of U. S. Steel. With this gain in worker sympathy by the SWOC, "there was the growing possibility of a strike by the S. W. O. C. for recognition." (3, p. 108).

At the same time that the SWOC was aiding the company unions to become more independent, it also filed charges with the NLRB saying that the com-

pany unions were unlawfully dominated by management interests. Hearings were held from December, 1936, to February, 1937, by the NLRB with respect to company domination of the unions (1, p. 91). It finally became evident that the SWOC had successfully penetrated the workers of U. S. Steel. The SWOC was able to convince U. S. Steel that it had sufficient strength to win a representation election and that the cost of resisting the organizing effort would be high.

A third internal reason for the recognition of the SWOC by U. S. Steel was the company's own preference for dealing with a single union if it must deal with one at all. The only meaningful alternative to the recognition of the SWOC was the ultimate possibility of dealing with a series of craft unions under the AFL. Since outside unionism was apparently in the industry to stay, it appears that U. S. Steel preferred to deal with one industrial union. In addition, Lewis

> . . . was a known quantity, and the corporation had learned to negotiate with him for its captive mines. Tom Moses, president of the H. C. Frick Coal Company, a U. S. Steel subsidiary, played an important role in advising Taylor on the more technical aspects of relations with the union based upon his coal experience, and he enjoyed a rather friendly relationship with Lewis. (1, p. 95).

Finally, Myron Taylor's power over the Corporation and his management attitude appear to have played an important role in the Corporation's decision to recognize the SWOC. As chairman of the board of directors of U. S. Steel, Taylor was in a position to impose his decisions on the entire corporation. Taylor appears to have been very concerned about the public image of the Corporation, and wanted to avoid having public attention called to the power of the firm.

When Myron Taylor took the chairman's chair, he inherited

> not only a far-flung empire of semi-autonomous units, but much of the Gary policy of anxiety over public protest and a desire to disguise any appearance of monopoly that might come to the surface and hence to the public view. (43, p. 164).

By refusing to recognize the SWOC and thus running the risk of a strike, Taylor would have subjected the corporation to considerable public attention, much of which would have probably been unfavorable. Additionally, as a professional manager, Taylor appears to have been concerned with what he saw as his obligation to the stockholders of the Corporation. That is, he felt it would adversely affect the profits of the firm (1, p. 92).

In sum, the external and internal factors affecting U. S. Steel were such that the company decided to recognize the SWOC. To do otherwise would have resulted in a severe strike. Such a strike would have caused the company to experience additional losses. Of course, the fact that the SWOC was recognized did not prevent the company from losing money again in 1938. But it is with the advantage of hindsight that this observation is made. At the time, it is clear that the SWOC was recognized because U. S. Steel felt that this was the most financially profitable thing to do.

> Fundamentally, U. S. Steel signed with the C. I. O. because the Committee had enrolled a substantial majority of Carnegie - Illinois employees as well as those of other corporation units. The company union had been wrecked. U. S. Steel had the choice of a costly strike -- which, because of the political situation nationally and in Pennsylvania, would most likely have ended in a C. I. O. victory; or of signing with the union, granting wage demands which were inevitable anyway, and enjoying an uninterrupted production season which promised, after comparatively lean years, to be highly profitable. (21, p. 199).

The effect of the capitulation of U. S. Steel was immediately seen in the SWOC's membership. Great impetus was added to the organizing campaign

as workers rushed to join the new union. Table 18 on the following page shows the growth of the SWOC membership that occurred shortly after the agreement between Taylor and Lewis on March 2, 1937.

A number of the companies that signed with the SWOC as a result of U. S. Steel's having done so were important ones in the industry. Such independents as Jones and Laughlin, Crucible Steel, Sharon Steel, Wheeling Steel, Timken Roller Bearing, Caterpiller Tractor, McKeesport Tin-Plate, and Pittsburgh Steel were among those that had agreed to contracts with the SWOC by the end of 1937.

## The Conflict in Little Steel

The capitulation of U. S. Steel and the subsequent recognition of the SWOC by many other firms divided the steel industry into two hostile camps. Anti-union sentiment in Little Steel was strengthened by the events of early 1937. The Little Steel group prepared to resist the organization effort with all the resources at its command. Again the causal forces leading to this conflict are clarified by examing them from the standpoint of those that were external and those that were internal.

The external factors were similar to those influencing U. S. Steel. That is, past economic data for Little Steel indicated depressed economic conditions with some indication of recovery by 1935; the existing laws were obviously the same; and the political atmosphere was pro-labor.

The steel industry had experienced depressed economic conditions in the early 1930's. This was reflected in the income data for U. S. Steel in Table 16 above. Tom Girdler noted that Republic Steel was similarly affected.

> We lost $3,500,000 in 1930; we lost $9,000,000 in 1931; we

Table 18. SWOC membership growth in 1937[1]

| Date | Number of companies claimed under contract | Claimed membership | Lodges established |
|---|---|---|---|
| April 1, 1937 | 59 | 200,000 | 429 |
| April 30, 1937 | 88 | 280,000 | - |
| May 1-7, 1937 | 90 | 325,000 | 600 |
| May 7-14, 1937 | 110 | - | - |
| June 1, 1937 | 142 | 375,000 | - |
| August, 1937 | 260 | - | - |
| December, 1937 | 445 | 500,000 | 1,080 |

[1]Data for the table was obtained by putting together information in several sources. Among the most valuable were (1, pp. 96-99; 21, p. 200; 19, p. 174; and 42, pp. 29, 31). The membership data also contains Canadian members.

The reported membership figures are frequently viewed with skepticism. The accuracy of such data is, in the early days of a campaign, entirely a function of the union. The union may choose to vastly over-state the data so as to impress opponents with their strength. This skepticism is, perhaps, justified. However, the membership claims of the SWOC may not have been so exaggerated. The extent of SWOC membership could not be made a matter of public record in many instances until representation elections were held. Elections were not held in Republic, Inland, and Youngstown Steel until the middle of 1941. In addition, Lloyd Ulman (30, p. 6) notes that between 1937 and 1942, the SWOC ". . . was able to claim victory in 220 out of the 393 National Labor Relations Boards elections." It is probable that many of the workers involved in the plants mentioned and in those elections had been considered as members of the SWOC long before the elections were held. It may well be, therefore, that the claimed membership of the SWOC as reported in the table is reasonably accurate.

> lost $11,200,000 in 1932; we lost $4,000,000 in 1933; we lost $3,500,000 in 1934. We made $4,500,000 in 1935; we made $9,500,000 in 1936 . . .. (44, p. 223).

So while economic conditions had been bad, there was some improvement beginning in 1935.

The statutory laws affecting labor relations were the same as those confronting U. S. Steel. The laws had not, however, effectively eliminated the use of company unions by the steel industry. Even the passage of the Wagner Act did not appreciably alter the use of company unions. The firms responded to the law by having employee elections at which time the workers themselves made their company unions "independent" of the firms (21, pp. 220-222).

Finally, while the political climate was pro-labor, it was not without exception and qualification. Management was able to find local authorities who at least were indirectly willing to support the anti-union forces in Ohio, Illinois, Indiana, and Pennsylvania. The use of martial law, militia, and the state and local police forces was generally to the advantage of management.

> Civil government in Johnstown, Pa., in Youngstown, Warren, Niles, Massillon, Canton, and Cleveland, Ohio, and in Chicago was sympathetic, if not thoroughly subservient, to the steel corporations. In Johnstown, Youngstown, and Chicago, key strike centers, the cooperation was open. (21, p. 203).

Political sentiment was not sufficiently pro-labor throughout the Little Steel empire to be overly significant in aiding the SWOC. Little Steel was able to use local pockets of anti-union sentiment to its advantage during the conflict.

In sum, the external factors affecting the decision process in Little Steel were much like those affecting U. S. Steel. There is the noted ex-

ception that the local politicians were not universally pro-labor, but it is equally true that the local authorities with whom U. S. Steel might have worked were not necessarily pro-labor either. It is thus, immediately curious as to why Little Steel chose to resist the SWOC organization drive.

There were two internal factors that played a causal role in Little Steel's decision to resist the SWOC campaign. There was a strong, almost violent, anti-union attitude on the part of some of the leaders of Little Steel firms. In addition, the company unions in Little Steel in fact may have been harder for the SWOC to penetrate than those existing in U. S. Steel. With respect to the latter factor, not the least of the reasons for the difficulty the SWOC had in penetrating the company unions was the use of violent anti-union tactics by Little Steel whenever the SWOC attempted infiltration.

It is of value to note that, unlike U. S. Steel, Little Steel was apparently not particularly concerned with current economic conditions confronting the firms. That is, Little Steel was experiencing improved income and sales in 1936 and 1937 as was U. S. Steel, but Little Steel apparently did not give this improvement very much consideration. This observation is strictly conjecture, however, since there is no recorded evidence to support it, nor is there evidence to refute it. It is apparently true that by mid-1937, the volume of new orders was down and,

> while there was no immediate decline in production, the business outlook was somewhat less favorable than it had been at the beginning of the year, when the U. S. Steel negotiations were taking place. (1, p. 100).

It is still true, however, that economic conditions confronting Little Steel at the time of their decision to resist the SWOC were favorable for

the first time in several years.

The anti-union attitude on the part of the Little Steel leaders appears to have been the most important internal factor influencing their decision to resist the SWOC. Little Steel was led by Tom Girdler of Republic Steel, and his anti-union sentiments are virtually legendary. Just as Lewis' convictions regarding the need for industrial unions inspired the SWOC effort, Girdler's strong anti-union sentiments were instrumental in the decision to resist the organization drive.

Girdler had been with the Colorado Fuel and Iron Company prior to assuming his position with Republic Steel. This firm was very anti-union and was involved in violent strikes in 1914. Girdler had also been associated with Jones and Laughlin Steel. He was with the firm when it created the company town at Aliquippa, Pennsylvania. The anti-union atmosphere at Aliquippa was notorious. The company completely dominated the lives of the workers through the use of spies, company police, and the inevitable economic control over the workers. Union organizers did not dare to attempt to work in Aliquippa (21, pp. 201, 202).

When Girdler went to Republic Steel, his anti-union sentiments were equally evident. The following quotes from his autobiography reveal the depth of his anti-SWOC-CIO convictions.

> An employer or a manager of a business can hire or fire, justly or unjustly. All of us would welcome the invention of an arrangement that would eliminate injustice from the relationship. However, even a tyrannical businessman's tyranny is limited to the enterprise he runs. But if the C.I.O. embraces all workers -- and John L. Lewis was openly striving for that goal -- then no American could work except by permission of this pompous ruler. (44, p. 317).

> A terribly <u>disorganizing</u> influence is at work at the base of all industry in America. The boss is no longer the boss.

> Because organization is my forte this aspect of the intrusion of an outside influence horrifies me, as a physician is horrified when he finds a cancer has developed in the person of someone he loves. Not greed but some perception of this must have been the thing that made so many employers the bitter opponents of the labor union movement in the old days. They foresaw what now eats at us. (44, pp. 449, 450).

In commenting on the strike and violence that took place during the SWOC drive at Republic Steel, Girdler observed,

> I do not want to give the impression that I was fighting the nation's battle. In this fight I was trying to do my duty as chairman of the board of the corporation; so were my associates doing their duty to Republic Steel. But I am an American citizen and I know that I was doing the best thing possible for my country when I fulfilled my obligation to the corporation. (44, p. 305).

Girdler truly believed that he and a few other men were protecting the basic freedoms of the United States by resisting the outside union interests.

Ernest T. Weir, the head of National Steel, was also instrumental in holding off the SWOC effort. He shared the anti-union convictions of Tom Girdler. Weir had one mill at Weirton, West Virginia that was particularly invulnerable to the SWOC. Union organizers were definitely not welcome in Weirton and the SWOC did not make a concerted organizing effort there during 1937 (21, pp. 203, 212, 213).

Eugene Grace of Bethlehem Steel also shared the sentiments of the other Little Steel leaders. He assumed a position of leadership in the anti-union drive (3, p. 134). Bethlehem's company unions proved to be particularly difficult for the SWOC to penetrate. The remaining leaders of Little Steel apparently held similar anti-union convictions.

It would be difficult to overestimate the determination of these men to stop the SWOC organizing effort. They regarded Taylor and others who

gave in to the union as traitors. They were convinced that organized labor must not be permitted to penetrate the industry. Their collective attitude ". . . appears to have been a major factor in the determination of Little Steel to fight." (1, p. 100). Such strongly held anti-union sentiments may explain why there was so little importance attached to current economic data by the Little Steel leaders. That is, they appear to have been so totally dedicated to keeping the union out of their firms that dollar cost and revenue considerations simply did not play an important role or were ignored in their decision to resist. To the extent that such economic information was ignored in their decision making, the leaders of Little Steel were not behaving rationally.

A second internal factor possibly influencing the decision of Little Steel to resist the SWOC was a certain lack of success that the SWOC had in penetrating the company unions in Little Steel. It has already been noted that one important tactic used by the SWOC in the organizing drive was to infiltrate the company union structure and win it over for the union. This tactic was not as successful in Little Steel as it had been in U. S. Steel. This does not mean that no progress was made by the SWOC. For example, in Bethlehem Steel ". . . a block of company union representatives had come over to the S. W. O. C. . . . .." (3, p. 135). The SWOC had also successfully penetrated the company unions in Youngstown Sheet and Tube and Inland Steel. In Republic Steel, National Steel, American Rolling Mills, and Bethlehem, however, the progress of the SWOC was spotty and slow (3; 1, p. 97).

There are two reasons that explain the difficulty that the SWOC had in winning over the company unions in Little Steel. First, Little Steel re-

sisted the efforts of the SWOC to penetrate their company unions with direct action. For example, Republic and Youngstown Steel had countered the SWOC infiltration tactic by harrassing union organizers; discriminating against union members; threatening the workers if they entertained ideas about joining the SWOC; and by outright discharge of union members (3). National Steel prevented much SWOC infiltration by using the Weirton Hatchet Gang, ". . . so called by union supporters because of its physical assaults upon union men . . . .." (3). In Bethlehem Steel, the company union was an older well established organization and was difficult to penetrate (1).

The second reason for the difficulty the SWOC had was because of what appears to have been some genuine anti-SWOC-CIO sentiment on the part of some workers in the industry. The growth of "independent" unions shortly after the AFL-CIO split may have reflected such convictions.

> The ordinary workman's fear and dislike of strikes have contributed also to the growth of unaffiliated unions. The series of walkouts and sitdowns which marked the bitter relations between the AFL, the CIO, and employers in the early days of the AFL-CIO split was regarded with fear by unorganized workers. They believed they would be coerced into membership and forced to participate in a quarrel in which they had no real stake. Thus many independents, especially in the smaller plants and towns, were set up to head off an AFL or CIO drive which, if successful, would have involved the newly-organized workers in interunion strikes and would have made them parties to a dispute which, in its earlier stages at least, was a real one only among leaders at the very top of the labor movement. Especially was the radicalism of the CIO feared by workers in small communities. (45, p. 79).

Of the two internal factors, the anti-union conviction of the leaders of Little Steel was the most important one influencing their decision making. While the company unions did apparently prove somewhat difficult for the SWOC to penetrate, there is dispute as to the degree to which this was

true (1). Additionally, to the extent that the company unions thwarted the SWOC drive, it was in part but a reflection of the anti-union sentiment of the Little Steel leaders. They were after all the ones who generally had to finance the anti-union activity.

Once the decision was made to resist the SWOC, Little Steel's attention was then turned to the establishment of an effective anti-union weapon. The weapon selected was the Mohawk Valley Formula presented in Chapter II. This strategy proved to be very effective in fighting the union.

When full consideration is given to the effect of both the external and internal factors influencing Little Steel's decision process, their decision to resist the SWOC still seems to have been dominated by the anti-union beliefs of the Little Steel leaders. The external factors were similar to those affecting U. S. Steel. The internal factors, however, were at best two-fold, as has been shown. There is little to indicate that the internal factor of current economic data was of any importance in their decision process. The anti-union convictions were further reflected in Little Steel's choice of an anti-union weapon. The Mohawk Valley Formula is expensive and violent. Its application resulted in death, injuries, and property damage.

## Conclusion

It has been shown that Lewis felt it to be absolutely necessary to organize the steel industry in order to protect the revitalized UMW. The UMW had organized most of the coal industry, including the captive mines, by 1935, but it appeared that the steel companies might attempt to use the unorganized captive mines in such a way that the union mines would be threat-

ened. The anti-union tradition within the steel industry also posed a threat to those captive mines that had been organized. To Lewis, the best way to mitigate this threat was to institute unionism throughout the steel industry. In that way, the captive mines would be protected by an "umbrella" of unions farther up the vertically integrated structure of steel.

The steel industry reacted to the SWOC organizing drive in two entirely different ways. Big Steel, as represented by U. S. Steel, recognized the union quickly. The external and internal factors influencing this decision have been examined. It appears that economic cost and revenue data played a prominent role in the decision by U. S. Steel to recognize the union. To the extent that there was a conscious quantitative evaluation of economic data, and an intent to maximize profit, sales, or revenue, or to minimize loss or dollar cost, the decision was dominated by rational behavior.

Little Steel decided to resist the union. The external and internal factors influencing their decision have also been examined. It has been seen that their decision was greatly influenced by anti-union feelings. To the extent that these sentiments resulted in a lack of a conscious quantitative evaluation of economic data, or a lack of intent to maximize profit, sales, or revenue or to minimize loss or dollar cost, the decision to resist was dominated by irrational or non-rational behavior. The application of the Mohawk Valley Formula by Little Steel further reflected the lack of consideration given to expense.

# CHAPTER IV. THE COST OF THE ORGANIZATION EFFORT

The writer has long been interested in the extent to which behavior in a union organization drive is affected by dollar cost and revenue data. Efforts were made by the writer in 1962 and 1963 to explore this aspect of union-management relations in the contemporary labor union movement. These attempts left the writer with the distinct impression that it would be difficult for such cost and revenue data to be fully determined. Two examples of the writer's experiences reveal something of the difficulty. In an extensive interview with an officer of the Iowa Federation of Labor (AFL-CIO) in 1963, it was learned that cost and revenue estimates of a union organization effort are done at the national union headquarters in nearly all cases, and that such information is simply not generally available even to state officers in the labor union.[1] In another effort to gain information, the writer interviewed a person who had been employed in the office of an electronics firm in Iowa during a union organization drive. This individual was in a unique position to know the tactics used by both sides.[2] He had kept a rather complete record of the activities of both union and management during the drive. This record was examined at length, and it did not provide sufficient information for cost and revenue estimates to be

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[1]Confidential interview. Des Moines, Iowa. August 16, 1963.

[2]Confidential interview. Ames, Iowa. July 30, 1963.

made.[1]

Upon reflection, it is not overly difficult to understand why such cost and revenue data is not readily available. First of all, in the turmoil generated by a union organization drive, it is probable that detailed records as to the expense incurred and revenues received by the participants are simply not maintained. Second, it is reasonable to conclude that in many organization drives the union would not want records of its costs and revenues to be available. To reveal such data would provide management with information that would be useful in resisting the effort. It is equally true that management would not want to disclose such information because of the potential usefulness of such data to the union. Finally, it is likely that both parties might well have expenditures that at best would involve activities of questionable legality, and at worst would support definitely illegal activities.

It is not surprising, therefore, that calculating or even estimating the cost and revenue data of a union organization drive is a difficult task. Even when the magnitude of the drive is small and data exists, there is likely to be some inaccuracy in cost and revenue calculations based on such records as union finances, membership figures, company expenditures, and the like. Thus, calculating or estimating the cost of a mammoth organ-

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[1]For example, it was possible to determine that the union had carried on its organization efforts for about 11 months. In that time, the respondent's records showed that four organizers were involved at one time or another, seven other men had infrequently distributed union literature, 16 meetings had been conducted by the union for prospective members, and numerous gifts such as pocket calendars, rain hats, and the like had been given to the employees. The problem was that there was no way of determining the union's cost and/or revenue position. No data existed. In addition, there was no cost information available for the firm.

ization effort like the one conducted by the SWOC is necessarily more difficult and uncertain. It is conceded at the outset that inaccuracies, errors, and gaps exist in the relevant data. There is merit in presenting such data as is available if we are aware of its limitations. The data does provide an important clue as to the extent to which cost and revenue considerations played a dominant role in the decision process of the participants.

## The Cost of the Organization Effort to the SWOC

Several problems confront the researcher in attempting to estimate the cost of the organization effort to the SWOC. In the first place, the CIO provided a great amount of assistance to the SWOC and,

> the CIO published no financial statements in its early years. Moreover, when John L. Lewis was chairman, all the finances were handled by his brother-in-law, who was responsible only to him, and maintained what was apparently a complicated set of books. (1, p. 598).

Too, the financial management of the CIO was informal during the organization drive. John Brophy notes that, "if a need for money arose, I would call Lewis and he would send over a check." (20, p. 258). Financial analysis is further complicated by the difficulty of differentiating between those revenues received and expenditures made by the CIO on behalf of the SWOC and financial operations being carried on for other purposes. The CIO was overseeing organization drives in other industries as well as steel at the same time.

### CIO revenue

The CIO had three sources of revenue in the early years: (1) gifts and loans from affiliated unions; (2) a portion of the dues monies; and (3) a portion of the initiation fees. In these early years, the first revenue

source appears to have been the most important.

The largest financial contribution to the CIO was made by the United Mine Workers. By the end of 1941, the UMW had provided a total of $7,249,304 to the CIO. This amount was tendered in the following ways: direct loans -- $1,665,000; services to the CIO paid for by the UMW -- $3,904,304; and per capita tax collections of $1,680,000 (1, p. 599).

There were only two other CIO affiliates who are characterized as having given significant financial support to the CIO. They were Sidney Hillman's Amalgamated Clothing Workers and David Dubinsky's International Ladies Garment Workers. By the end of 1941, Hillman's group had given $2,500,000 to the CIO and the ILGWU provided $345,000 (1). The other affiliates did not contribute significant amounts.

CIO expenditures

The total expenditures of the CIO appear to have been equal to the $10,094,304 total received from the above three affiliates. Indeed, it is probable that the expenditures were even greater than this amount. When Philip Murray became president of the CIO in the fall of 1940, he reported that

> . . . there was no money in the treasury, and that it had been necessary to borrow $30,000 from the United Mine Workers and $20,000 from the Steel Workers to finance the 1940 convention. (1).

SWOC financial data

Financial data for the SWOC as such is also difficult to assess. Most of the financial information for the SWOC was kept secret.

> During the SWOC period, the union did not publish detailed financial statements. This policy was alleged to have been adopted on advice of legal counsel because of pending law suits against the union. (30, p. 16).

SWOC revenue

The SWOC had three sources of revenue: (1) gifts and loans; (2) initiation fees; and (3) monthly dues. It was very dependent on gifts and loans in the early days of the organization effort in steel. The SWOC had a provision for the payment of initiation fees of $3 per member and monthly dues of $1 per member of which 5 cents was a per capita tax payable to the CIO. On the other hand, the SWOC recognized that the financial hardship of the steel workers would not generally permit the collection of dues and initiation fees at first. Thus, the SWOC did not charge

> ". . . any fees or dues at all until after the first U. S. Steel settlement; and the treaty with the Amalgamated empowered the SWOC 'to grant dispensation from the payment of initiation fees to all persons joining the Amalgamated Association during such time as it deems advisable.'" (30).

Gifts and loans received by the SWOC were substantial. Lewis had estimated that a successful organization drive in the steel industry would require funds of $1,500,000.[1] The initial commitment by the CIO to the SWOC was for $500,000 which was one-third the estimated cost at that time. Those records that do exist show that the financial assistance coming from the CIO during the organization period was from $1,018,613 (1, p. 600) to $1,561,000 (30, p. 15) to $1,619,613.[2]

All of these figures may well constitute an underestimate. Brooks, in his analysis of the revenues and expenditures of the effort, notes that "it would be surprising, therefore, if the S. W. O. C. received less than

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[1] See Chapter II, p. 29.

[2] This figure includes a direct loan from the UMW of $601,000 (1, p. 110).

$2,500,000 from outside the industry." (3, p. 160).

Some of the financial assistance included in the above figures were loans and were recognized as such by the SWOC. The UMW was a major lender to the SWOC. One loan of $601,000 was ultimately repaid to the UMW by 1942 (30).

In addition to the direct financial aid, assistance of an "in-kind" nature was provided to the SWOC. The UMW, for example, provided the services of many experienced organizers and made legal aid available for the effort. This aid defies financial measurement.

SWOC expenditures

Just as SWOC revenues are hazy, so is the record of their expenditures. Some inferences can be drawn, however. The SWOC had divided the steel industry into three major geographic areas: the Northeastern which included Pittsburgh; the Great Lakes and Western which included Chicago and Youngstown; and the Southern. These three regions were broken down in 64 subregions or districts. Each region and district had a director and full and part-time field workers. The number of SWOC staff varied as both the need and the finances changed. The pay received by the staff also was subject to change as were the number of work days per month for which pay could be expected. The following table presents a number of various estimates as to the size and remuneration of the SWOC staff. The only salary about which there is unanimous agreement is the $10 per day maximum that full-time field workers received. The lack of agreement on other data is noteworthy.

The SWOC also used funds for the rental of halls for meetings, the rental of loudspeakers, the printing of handbills, newspapers, and the

Table 19. Reimbursement of SWOC staff

| Title | Pay rate | Expenses | Drawing fund | Number |
|---|---|---|---|---|
| Regional director | $500 mo.[a] | - | - | 3 |
| Sub-regional director | $260 mo.[a] | - | - | 64 |
| Full-time field worker | $8-$10 day[a]<br>$4-$10 day[b]<br>$6-$10 day[d] | "Legitimate"[d]<br>$1.50-$3 per day | $200[b] | 150[b]<br>213[c&d]-437[c] |
| Part-time field worker | $3 day[a & d]<br>$10 week[b] | - | - | 75[c&d] |
| Clerical and stenographic | $20-$37.50 week[a] | - | - | - |

[a]Based on 1936 estimates by Brooks (3, p. 159).

[b]The drawing fund was used by the "head" organizer to pay for incidental expenses (28, p. 148).

[c]Staff estimates reported by Galenson (1, p. 110). The 437 full-time workers was a July, 1937 high while the figure of 213 represents a December, 1937 reduction due to depressed conditions in the industry and low finances.

[d]These figures are for November, 1937 (30, p. 15). Galenson (1) reports that expenses were not paid throughout the latter part of 1937, while Ulman says that the union did pay "legitimate" expenses.

like. Incidental expenditures like these are impossible to estimate although the costs of two regularly purchased items have been established. The handbills used by the SWOC cost approximately $25 for 5,000 copies ". . . and sometimes the S. W. O. C. has twenty-five or thirty different leaflets to issue in different parts of the U. S." (28). The SWOC newspaper, Steel Labor, was also used as an organizing instrument. It was

issued about every two weeks and cost around $600 for a 150,000 copy issue. The paper was ". . . distributed free, though it has a price marked on it in order to circumvent the municipal ordinances against the distribution of literature." (28).

The SWOC also incurred expenses as a result of the strikes that occurred during the organization effort. Union funds were used to aid the strikers. Brooks estimates:

> The expenses of the strike to the national office were at least $50,000 a week. The main body of the strike lasted five weeks. In several localities, however, it dragged on for about six months. (3, p. 160).

If Brooks' estimates are correct, then the strikes alone cost the SWOC at least $250,000.

Per-member cost

Estimates of the average per-member cost of the organization effort in the steel industry can be made. Such estimates, however, do not reflect the "in-kind" aid which represented expenditures by other CIO affiliates. The estimate that follows assumes that the SWOC spent all the monies it received in gifts and loans. This would appear to be a safe assumption. If Galenson's estimate as to the total gifts and loans received by the SWOC by May, 1942 is used, then the SWOC spent $1,619,613 on the organization drive. There is a problem in deciding which SWOC membership figure to use, but it seems reasonable to use an estimate of 500,000 since the SWOC did appear to have that many members on one or two occasions during the drive.[1] Thus, the estimated per-member cost would be $1,619,613 ÷ 500,000 or $3.24.

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[1] See Table 18, Chapter III and Galenson (1, p. 113).

If Brooks' estimate of a total cost of $2,500,000 is used along with the membership figure of 500,000, the per-member cost of the drive rises to $5.00.

It is most interesting to note that if these estimates could reasonably be viewed as valid, the organization effort might well have paid its own way, and maybe even returned a premium to the union. For example, the $3.00 initiation fee would have taken care of a very large part of the cost of the effort, and the monthly dues of $1.00 per member might well have provided revenues in excess of the remaining cost. To the extent that the union leaders did envision the effort as a loss minimizing or profit maximizing venture, the decision to organize the steel industry could be viewed as "rational" as used here for firm behavior.

Such a conclusion appears to be unwarranted for several reasons. First, the data does not reflect the "in-kind" aid that was provided to the SWOC. Second, there is a variance of at least $880,387 in the estimated dollar cost of the drive. Additionally, the membership figures simply cannot be regarded as precise. For example, shortly after the figure of 500,000 members was announced, a lower figure of 350,000 members was reported and of that number only 250,000 paid dues regularly (1). Finally, there are no available data as to the amount of dues and initiation fees collected by the SWOC during the organization drive. It has already been observed that such collections were not made at all in the early days of the effort. So, while it may be speculated that the organization drive was theoretically profitable or at least self-supporting, it is impossible to prove.

It appears, therefore, that there is no accurate way by which a finan-

cial analysis of the SWOC effort can be made. The extent to which dollar cost and revenue considerations dominated the behavior of the union cannot be established with a satisfactory degree of precision. The issue remains moot.

## The Cost of the Organization Effort to Big Steel

The cost of the organization effort to Big Steel is measured in three ways: (1) the cost of maintaining company unions; (2) the cost of anticipated strike preparations; and (3) the cost of settlement with the SWOC. Unfortunately, the data concerning these three items is incomplete. The available data is for U. S. Steel and the financial analysis below is for that company. To the extent that this data is representative of all Big Steel, the conclusions drawn for U. S. Steel will apply to the remaining firms as well.

### The cost of the company unions

As was shown in Chapter III, company unions were instituted in the greater part of the steel industry after the passage of the NIRA. One important reason for starting company unions was the desire of management to thwart any organization efforts by "outside" unions (3, p. 78; 1, p. 89; and 46, pp. 980, 989, 990). At least part of the cost of maintaining company unions was, therefore, directly related to the cost the steel industry incurred as a result of the SWOC organization drive. It is, of course, not possible to determine the exact amount of this expenditure.

In one way or another, the financing of the company unions was gener-

ally done by the steel companies.[1] Workers who had to be absent from their jobs on "union" affairs were paid by the company, and the company aided in providing necessary services during union elections (3, p. 105).

> In defraying the expenses of the plan and maintaining a 'machine' of loyal representatives, the company had exposed itself to a variety of grafts the total costs of which must have been considerable. (3).

The actual amount of the costs of maintaining the company unions is not known. In Big Steel, Sweeney estimates that the cost of maintaining the company union to U. S. Steel around 1937 was about $500,000 per year (42, p. 30). Jones and Laughlin is estimated to have been spending about $75,000 per year on their company unions (42). These two estimates constitute the only available cost data for company union maintenance in Big Steel.

Strike preparation costs

The data for this category of cost is very meager. It is known that U. S. Steel did make some preliminary strike preparations that involved the expenditure of funds. It may be that other companies in Big Steel had similar costs, but this could not be determined with any precision. Sweeney

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[1]It is interesting to note that the financing of a company union by the company itself had not changed substantially even in more recent times. In a series of depth interviews conducted by the writer in July, 1963, it was determined that a recently defunct company union had been to a large extent financed by the company. For example, the company paid most of the union president's salary. Management domination of the union was evident in other ways as well. For example, the president of the company retained the unilateral right of discharge. Some office personnel recalled that the president would frequently fire men for no discernible reason. It was alleged that discharge was particularly frequent just before Christmas in order that the president might avoid paying the Christmas bonus. Notification to the worker that he was fired was said to take the form of a card in his pay envelope which said, "You're fired - Merry Christmas." Confidential interviews, Maquoketa, Iowa, July 8-12, 1963.

reports that U. S. Steel spent $62,028.12 on gas munitions (42, p. 21). Presumably these munitions would have been used against the SWOC in the event of a strike. While the purchase of gas munitions may not have been the only type of expense made in the anticipation of a strike, this expenditure is the only one that could be determined.

It is not surprising that the data on this cost category is sparse. It is reasonable to assume that the expenses made by a company in preparing for a strike would not be readily available for at least two reasons. First, some of the expenses might reflect intentions or activities of questionable legality. Second, the disclosure of such expenses would reveal something of the company's strategy to the union.

Settlement costs

The cost of settlement with the SWOC was a major expense that Big Steel experienced as a result of the organization drive. This cost is primarily reflected in the increases in wages won by the SWOC for the steel workers. Data is again sparse for this cost category, but some estimates can be made for U. S. Steel. To the extent that the rest of Big Steel experienced similar costs, these estimates could apply to them.

The wage increases won by the SWOC have been appraised as follows:

> The basic rate stood at a minimum of five dollars a day, which meant at least a raise of $1.25 a day for some, and as high as $3.20 for others, over the rates in 1936. The wage for common labor had been brought up to 62½ cents an hour. In April, 1937, the average hourly wage for all steel workers stood at 85 cents and only three manufacturing industries (rubber tires, automobile, and petroleum refining) paid more. The average weekly wage in steel was $36.20 -- which was $10 above the next highest weekly average in any other industry. The wage bill of the steel industry was 34 percent greater than in 1929, and at least half of the increase was the result of the campaign and agreements of the S. W. O. C. All steel workers

enjoyed a forty-hour week. (21, p. 272).

If it is correct that half of the 34 percent increase in the average weekly wage since 1929 was due to the SWOC contracts, the following estimates appear reasonable. The total increase in the average weekly wage would have been 0.34 x $36.20, or $12.31. Half of that increase would amount to about $6.15, and this would be the amount attributable to the SWOC. U. S. Steel's employment for fiscal year 1937 was 261,293 (36, p. 224). This figure probably does include some workers in jobs not covered by the agreement, but it is the best data available. On the basis of the above data, the total weekly cost of the wage increase obtained by the SWOC would be $6.15 x 261,293, or $1,606,951.95. The total yearly cost attributable to the SWOC would thus be $83,561,501.40.

Total cost of drive and comparisons

By making use of the bits of available data, the total cost of the SWOC effort can be estimated. Additionally, it is possible to compare the cost of settlement with the cost of resistance up to the time of settlement.

The total cost calculation is based on the above three categories of costs incurred by U. S. Steel. It was shown that the estimated cost of the company union to U. S. Steel was $500,000 per year. Most of the U. S. Steel subsidiaries adopted company unions around 1933 as did most of the remainder of the industry. Thus, assuming that this one cost category ran for a total of about three years, (1933 through 1936), the total cost of company union maintenance to U. S. Steel would be $1,500,000. The total estimated cost of the SWOC organization drive would be:

| | |
|---|---|
| Company union cost | $ 1,500,000.00 |
| Gas munitions cost | 62,028.12 |
| Contract costs - 1st year | 83,561,501.40 |
| Total cost | $85,123,529.52 |

On the basis of an employment of 261,293, the average total cost per-worker to U. S. Steel of the organization drive would be $85,123,529.52 ÷ 261,293, or about $325.78. This represents costs incurred from 1933 through the early months of 1938.

When the financial data is reported so that the cost of resisting or preparing to resist the union is made distinct from the cost of the contract, the results are interesting. The available data provides the following estimate as to the cost of resistance: the company union cost for three years was $1,500,000; the expenditure on gas munitions was $62,028.12; and the two combined equal $1,562,028.12. Again using an employment figure of 261,293, the average total resistance cost per-worker for the three year period would be about $5.98. The contract cost for the first year was estimated to have been $83,561,501.40. Thus, the average total cost per-worker of the contract would be $83,561,501.40 ÷ 261,293, or about $319.80.

The estimated cost of settlement is clearly much higher than the cost of the company unions and gas munitions had been. On a dollar cost basis, the estimated average total cost per employee of resistance was only $5.98 for the three year period prior to the contract. On the other hand, the estimated average total cost per employee of just the first year's contract was $319.80. While it would thus appear that the decision to recognize the SWOC was not dominated by dollar cost considerations, such a conclusion is

not warranted for several reasons. It has been seen in Chapter III that U. S. Steel's decision was in fact greatly influenced by economic data. While it is impossible to measure the actual dollar costs of continued resistance by U. S. Steel, it is equally apparent that they would have been much higher than those incurred by the end of 1936. For one thing, it has already been shown that U. S. Steel's company unions were continually growing more independent of the company. The expenses associated with bringing them back under control might well have increased costs incalculably. Additionally, the company unions themselves were pressing for higher wages similar to those later won by the SWOC (1, pp. 89-91).

By recognizing the SWOC, U. S. Steel also avoided the expenses associated with a strike. Galenson observes that the cost to U. S. Steel of breaking a strike would have been high (1, pp. 94, 95). A strike would have meant a loss of production at a time when the profit outlook was good, and when at least one important prospective customer, Lord Runciman, wanted a promise of uninterrupted production.

It appears, therefore, that despite the wide discrepancy between resistance cost and settlement cost, U. S. Steel was very much aware of cost and revenue data when it recognized the union. Continued resistance would have been far more expensive and probably to no avail (1, pp. 93-95).

### The Cost of the Organization Effort to Little Steel

Little Steel's expenses as a result of the SWOC organization drive were of four general types: (1) the cost of the company unions; (2) strike costs and the cost of implementing the Mohawk Valley Formula; (3) the cost of wage settlements; and (4) the cost of NLRB awards and lawsuits against the companies. Unfortunately, the data for Little Steel is even more

meager and unreliable than that for the other groups involved.

The cost of the company unions

It has already been seen that one important reason for instituting company unions in the steel industry was to avoid "outside unionism". Estimates of the cost of the company unions to Little Steel are not available, and it may only be speculated as to their magnitude.

An argument can be made in support of the view that such costs were high. Some members of the Little Steel group had company unions that were formed around 1919, and had thus incurred expenses of some sort on them for quite some time.[1] Other companies in Little Steel had not adopted this institution until the NIRA period. Since Little Steel was so violently opposed to "outside unionism", it may be presumed that considerable funds were used by the companies to develop and strengthen the company union structure. The complete lack of cost data does make the reliability of such an argument questionable, however.

Strike and associated costs

As a result of the SWOC organization drive, Little Steel was involved in union organization strikes, and incurred costs that were generally of two types. One type was the loss in production that resulted from the work stoppage, and the other was the cost of breaking the strike by the use of the Mohawk Valley Formula. Limited estimates of these expenses can be made.

It was noted above that the "main body" of the strikes lasted approx-

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[1]The companies were Bethlehem, Youngstown Sheet and Tube, and Inland Steel (26, p. 83).

imately five weeks, although in some firms they continued for a longer period. It is debatable as to how effective the strikes were in terms of stopping production. Walter Galenson has made an effort to examine the strike costs to certain firms in Little Steel by comparing their net income changes from 1936 through 1937, with such changes in firms not on strike (1, p. 108). The assumption is that the effect of the work stoppage would in part be reflected by such income changes. He concludes that,

> . . . except for Bethlehem Steel, at which the stoppage was shorter and relatively less effective than in the remaining companies, the strike was a costly affair. Republic Steel seems to have been the hardest hit. If it is compared, for example, with National Steel, a company of comparable size, its 1937 net income was some eight million dollars below the expected level. (1).

While National Steel was part of the Little Steel group, it was not struck by the SWOC, and experienced no work stoppage. Galenson notes of the remaining Little Steel firms for which similar comparisons were made Youngstown Sheet and Tube and Inland Steel, that both ". . . did worse than the large steel companies unaffected by the strike, although not as badly as Republic, on this basis." (1, p. 109). It is evident from this data, that the strike costs were considerable to Little Steel, but the exact figure is not known.

An expense incurred by Little Steel as a result of the SWOC organization drive was the cost of the Mohawk Valley Formula used to break the strike and resist the union. There are serious problems involved in estimating the direct cost of this tactic to Little Steel. Many of these problems are made evident when consideration is given to the diverse features of the Formula. As was seen in Chapter II, the Mohawk Valley Formula made use of citizens' committees, back-to-work groups, weapons purchases,

bribes, vigilantes, private police agencies, state and local police agencies, newspaper publicity, and the like. Certainly Little Steel paid many of the expenses involved in the use of the Formula, but groups outside the industry also contributed to the expense funds (23, pp. 8687-8690). Additionally, no estimates are available as to the portion of these expenses paid out of public funds when public agencies were involved.

One prominent form of expense to Little Steel in the application of the Formula was the cost of munitions. From 1933 through June, 1937, the following purchases of gas munitions were made (42, p. 21):

| | |
|---|---|
| Republic Steel | $ 79,712.42 |
| Bethlehem Steel | 36,173.69 |
| Youngstown Sheet & Tube | 28,385.39 |
| National Steel | 12,085.37 |
| Total | $156,356.87 |

In addition to gas munitions, the Little Steel group purchased quantities of other armament. The following list gives some examples (42, pp. 33, 34):

| | |
|---|---|
| **Republic Steel** | |
| Revolvers | 552 |
| Rifles | 64 |
| Rifle ammunition | 1,325 rounds |
| Shotguns | 245 |
| **Youngstown Sheet and Tube** Youngstown District Only | |
| Revolvers | 453 |
| Rifles | 369 |

| | |
|---|---|
| Shotguns | 190 |
| Machine guns | 8 |
| Machine gun ammunition | 40,000 rounds |
| Rifle ammunition | 8,000 rounds of .45-70 caliber |
| | 2,000 rounds of .30 caliber |
| Revolver ammunition | 20,000 rounds of .38 caliber |

A part of the more general costs of the Mohawk Valley Formula was a newspaper advertisement that was run in some 375 newspapers at the beginning of the SWOC campaign. The advertisement announced the general opposition of the steel industry to Lewis and the union. The estimated cost of this tactic was $500,000 (21, p. 190). The cost of the advertisement was apparently not borne solely by Little Steel since it was sponsored by the American Iron and Steel Institute which included Big Steel in its membership. It is interesting to note, however, that the Institute was headed by Tom Girdler of Republic Steel.

No additional estimates of the cost of the strikes and the use of the Mohawk Valley Formula can be made from the available data. It may only be conjectured that the total expense to Little Steel of this phase of the organization drive was considerable.

Wage settlement costs

There is conflict in the record over the extent to which Little Steel granted wage increases similar to those won by the SWOC in Big Steel. There is evidence to support the view that the wage increases granted by Big Steel were also granted by Little Steel (21, p. 272; 3, pp. 120, 121). If this is indeed correct, then such wage increases could be considered as

part of the cost to Little Steel of the organization drive. There is, however, some evidence to indicate that two large employers in Little Steel may not have granted such wage increases. Lloyd Ulman observes that after its 1937 defeat in Little Steel, the SWOC had to make use of the Walsh-Healey Act in a long court battle to force Republic and Bethlehem Steel to raise wages on work done under government contract (30). This suggests that they had not granted similar wage increases. Therefore, the estimation of any wage adjustments made by Little Steel in response to the union's gains in Big Steel is difficult.

If it is assumed that Republic and Bethlehem Steel were the only two firms in the industry that did not grant wage increases similar to those in Big Steel, the following estimate of the wage settlement cost can be made. It has been noted in Chapter II that of the 186,000 employees in Little Steel, Republic employed 46,000 and Bethlehem employed 80,000. The number of employees remaining to the other firms in Little Steel would be only 40,000. Since the wage increase reported to have been granted was similar to that in Big Steel, it is reasonable to use the wage increase that was attributable to the SWOC in that sector. It was shown above that this amounted to an average weekly wage increase of about $6.15. This would mean that the average total weekly wage increase granted in Little Steel would have been $6.15 x 40,000, or $246,000. The first year's average wage increase would have been $12,792,000. Such estimates would constitute another part of the cost of the SWOC organization drive to Little Steel since the wage increases were a result of SWOC activity.

If it is assumed that all of Little Steel granted the wage increase, the cost rises considerably. The average total weekly wage increase would

have been $6.15 x 186,000, or about $1,143,900. The first year's average wage increase in Little Steel would have been $59,482,800. Again, this would reflect part of the cost to Little Steel of the SWOC organization drive.

Award costs and lawsuits

As a result of their anti-union activities, some firms in Little Steel experienced costs that resulted from NLRB awards and lawsuits made in behalf of those killed and injured as a result of the strike violence. Some of these costs are known. For example, Youngstown Sheet and Tube had to reinstate strikers who had been discriminated against, and had to pay some $170,000 in back pay as a result of NLRB proceedings. Republic Steel was also forced to rehire 7,000 employees and pay back wages of $2,000,000 as a result of NLRB awards after the strike (1, p. 109).

Lawsuits were filed against Republic Steel for damages resulting from the killing and wounding of strikers. In 1945, Republic was forced to pay $350,000 as a result of these lawsuits (1).

Little Steel, as represented by the above two firms, could not have known what such costs as these would have actually been at the time they made their decision to resist the SWOC drive. These costs are, however, still another part of the total cost of the organization drive to Little Steel.

Evaluation

The lack of important estimates such as the cost of maintaining company unions, greatly hinders efforts to assess the total cost of the SWOC drive to Little Steel. There is evidence to suggest, however, that the cost of resistance was not of any great concern to the group. First of

all, most of the expenditures examined were made with the intent of resisting the union organizing drive. Since the evidence presented suggests that at least part of Little Steel granted wage increases similar to those won by the SWOC anyway, the expenditure pattern of Little Steel is curious.

If the Little Steel group was concerned about cost and revenue data in formulating their decision concerning union recognition, it appears reasonable to assume that they would not have gone to all the trouble and expense associated with putting barriers in front of the union and then have granted similar wage increases. To do so would simply not be rational. The expense of the company unions, the strike, the Mohawk Valley Formula, the NLRB awards, and the lawsuits could have easily been avoided by simply recognizing the union in the first place.

## Conclusion

The examination of the available cost data reinforces the conclusions made in the institutional analysis of the organization campaign. That is, the union's decision to organize the steel industry was due to Lewis' determination to protect the UMW, and cost considerations appear to have been of secondary importance. U. S. Steel's decision to recognize the union was greatly influenced by cost and revenue considerations, and to the extent that U. S. Steel was representative of the rest of Big Steel, a similar conclusion is warranted for them. Little Steel's decision to resist the union organization effort was not significantly influenced by cost and revenue data.

It was demonstrated that theoretically the union could have received sufficient revenue from dues and initiation fees to cover the known costs of the effort and perhaps receive an excess of funds from the drive. In

this fashion, the union might thus be viewed as a profit maximizing organization. It was also shown, however, that dues and revenue collections were not made in the beginning of the campaign when many members joined. It is likely that the organization didn't become even self-supporting until around 1941 or 1942, when it was finally able to pay back a loan from the UMW. Therefore, the evidence presented throughout this study strongly suggests that cost and revenue considerations were not a dominant factor in the union's decision to organize the steel industry.

It is likely that cost and revenue considerations generally do play a secondary role in a union's decision to conduct an organizing drive. It has been observed:

> Unions will organize workers because they are sometimes attracted by the potential income from dues and initiation fees. Union leaders moved by this interest will, on occasion, appraise a proposed organizing drive on the basis of whether it will bring in more than it will cost. More typically, however, financial strength of unions is derived not from organizing workers but from holding on to the workers once they are brought into the union -- which is a task of a different order. In short-run terms at least, most organizing campaigns cost substantially more money than is realized by dues and initiation fees. (47, p. 18). (Emphasis mine.)

It is not surprising, therefore, that dollar cost and revenue data did not appear to dominate the decision process of the SWOC.

Big Steel's decision to recognize the union, as reflected by the data for U. S. Steel, does appear to have been greatly influenced by cost and revenue considerations. It is true that the estimates presented above show the cost of settlement to have been higher than the accumulated costs of resistance. This data, however, reflects only one side of the ledger. The evidence presented in Chapters II and III strongly demonstrates that

economic data was of prime importance in the decision process. While costs not actually incurred may only be speculated upon, the evidence presented suggests that had U. S. Steel not recognized the union, costs would have greatly increased. In addition, the prospective revenue position of U. S. Steel at the time the decision to recognize the union was made was better than it had been in years, provided labor trouble could be avoided. Therefore, in spite of the difference between settlement costs and the incurred resistance costs, U. S. Steel's decision process was apparently greatly dominated by economic data considerations.

The cost estimates for Little Steel support the conclusions made about that sector in Chapter III. That is, the available data supports the contention that Little Steel's decision to resist the union was dominated by irrational or non-rational behavior. It has been shown above that the cost of resisting the union was high. When this is considered along with the apparent fact that at least some of the firms in Little Steel, (and possibly all the firms), granted wage increases similar to those won in Big Steel, it is apparent that dollar cost and revenue considerations were simply not important in Little Steel's decision process. Significant costs could have easily been avoided by recognizing the union. Clearly, the decision to resist the union was prompted by elements other than a conscious quantitative evaluation of economic data.

# CHAPTER V. A THEORETICAL ANALYSIS OF THE ORGANIZATION EFFORT

It is always difficult to make theoretical economic generalizations as to the determinants of union-management behavior. It is particularly so in regard to the union organizing phase of the relationship since several problems, all somewhat equally profound, confront the researcher. Many of these problems have been alluded to elsewhere in this study, but it is of value to restate the major ones here.

First, there is the fundamental inadequacy of the data. This problem has been frequently encountered in the above review and analysis. One must rely upon an historical record that is incomplete and, in part, biased in a case study like the one conducted here. The writer's experience in examining other union organizing campaigns in 1962 and 1963 has served to substantiate the continued existence of this problem. The lack of data hinders the development of theory.

Furthermore, the economist, acting as an economist, is not in the best of positions to make analyses of union-management behavior with models that use maxima and/or minima techniques. Unions and business firms do not necessarily act solely as profit maximizing or loss minimizing economic units. Support for this view is found in the following representative statements. Arthur M. Ross observed of the union many years ago that:

> The trade union is a political institution which participates in the establishment of wage rates. To conceive of the union as a seller of labor attempting to maximize some measurable object (such as the wage bill) is a highly misleading formulation. Although comparable with a business firm in some respects, it is so dissimilar in other respects that the analogy is of questionable value.
>
> The formal rationale of the union is to augment the economic welfare of its members; but a more vital institutional objec-

> tive -- survival and growth of the organization -- will take precedence whenever it comes into conflict with the formal purpose. (48, p. 587).

In commenting on the extent to which business firms are exclusively concerned with profit maximization, R. A. Gordon observed some time ago that:

> It is increasingly being admitted that businessmen may be guided by non-pecuniary motives as well as by the criterion of maximum profits. (49, p. 269).

He further noted that:

> We know relatively little about these personal non-pecuniary motives, however, and even less about how they interact with the profit criterion to affect price and other business behavior. (49).

Fritz Machlup has also indicated that he would not deny:

> . . . that a goodly portion of all business behavior may be non-rational, thoughtless, blindly repetitive, deliberately traditional, or motivated by extra-economic objectives. (50, p. 520).

To the extent that unions and business firms are in fact influenced by factors that are extra-economic, it is clear that a thoroughly meaningful study of union-management behavior must be interdisciplinary in nature.

There is another hazard that confronts the researcher as attempts are made to develop a generalization about the behavior of the participants in a union organization campaign that is directly related to the above. This is the problem presented by the distinct possibility of irrational or non-rational behavior of leading participants. Such behavior has been defined for purposes of this study as a lack of conscious quantitative evaluation of economic data, or a lack of intent to maximize profit, sales, or revenue or to minimize loss or dollar cost. The analyses presented in Chapters III and IV strongly suggest that irrational or non-rational behavior was at least to an extent thus demonstrated by Little Steel and by

the SWOC. Any theoretical statement must allow for such behavior.

A fourth problem concerns the need for a theoretical formulation that can cope with disequilibria. When the firm recognizes the union, there is a behavioral equilibrium. That is, the participants have been able to agree on this one aspect of their relationship even though the decision by the union to organize, and the decision by the firm to recognize the union may well be, and probably is, due to different reasons. When the firm refuses to recognize the union, there exists a behavioral disequilibrium. The union is not satisfied with such an outcome and will attempt to establish an equilibrium. The firm, consequently, must cope with the union's efforts in an attempt to thwart the organization campaign. An adequate theoretical framework must be able to deal with either situation.

Another hindrance to the development of a theoretical analysis of the organization campaign is posed by the problem of measurement. It was seen in Chapter III that both internal and external factors affect the decision process of union and management. Some of these factors are at least partially quantifiable and measurable, but others are not. For example, past and current cost and revenue data provide one means for measuring the performance of the firm or institution and such information is seen as affecting the decision process. However, many of the factors are not so easily quantifiable and measurable. For instance, the political climate and the legal structure would defy cardinal measurement even though the implications of these factors might be apparent to the decision maker. The significance of the personality of the decision maker is also beyond meaningful quantification. Cost and revenue predictions would prove troublesome to measure accurately too. Finally, the participants in the organization

drive may well be concerned with, and have their decisions affected by, such immeasurables as institutional security and concern for their public image.

## The Significance of the Prior Analysis

The review and analysis of the SWOC organizing campaign in the steel industry has confirmed the existence of the problems examined above. The following recapitulation of the analysis underlines the elements that an adequate theory of union-management behavior in an organizing effort must incorporate.

When examining the union, it is seen that the external and internal factors influencing the decision process are greatly intertwined and not readily separated. Some of the factors can be partially categorized, but it is hazardous to do so since internal and external influences overlap considerably.

It has been shown throughout this study that the motivating force behind the union was the internal influence of John L. Lewis. It was repeatedly demonstrated that he believed the organization of the steel industry to be an absolute necessity. The historical record reviewed in Chapter II indicated that the goal of bringing the union to the steel workers dominated virtually all other considerations. Lewis was willing to run the risk of splitting the labor union movement in order to achieve his goal. When the split occurred, he apparently "torpedoed" any reunification efforts since he seemed to feel that unity would adversely affect the goal.

The cost and revenue analysis presented in Chapter IV indicated that the organizing effort could have theoretically been at least self-supporting and perhaps financially profitable for the union. The fact was, how-

ever, that dues and initiation fees were suspended in the early months of the campaign. The union's financial planning records are not available. Thus, the degree of influence that this partially internal factor of cost and revenue expectations had on the decision process cannot be precisely determined. While one could not safely conclude that cost and revenue data were of no importance at all to the union, the suspension of revenue collections suggests that this factor played a secondary role.

The evidence submitted in Chapters II and III support the view that Lewis was concerned about the organization of the steel industry because of the threat that those unorganized firms posed to the UMW. It was shown in Chapter III that the steel firms owned many coal mines and had followed an open shop policy in those mines. This generally external factor along with Lewis' experience with the union problems in the bituminous coal fields appears to have emphasized the need to organize all the bituminous mines. In order to accomplish this, the anti-union sentiment in the steel industry had to be thwarted to protect the existing union penetration of the captive mines, and to extend the union into the remaining unorganized captive mines. The anti-union attitude of the steel industry was, in part, reflected in the weak position of the old Amalgamated Association of Iron, Steel and Tin Workers. Thus, a new and viable steel workers' union had to be instituted.

The legal structure at the time of the organizing drive was also conducive to union organization efforts. This factor appears to have influenced the union's decision process. The factor is neither totally external nor totally internal, however, for it was seen in Chapter III that the law was influenced by the appeals of organized labor. The prevailing pro-labor

political climate was also a factor that may have affected the union's decision process. This factor may not be classified as totally external or internal either. It has been shown what Lewis and the CIO may have assisted in the development of this pro-labor sentiment through their own political efforts.

The growing independence of some of the company unions in the steel industry was another factor influencing the SWOC. This factor is particularly difficult to categorize as external or internal. The company unions were becoming disenchanted with their relationship to management at the time the SWOC was being formed. In a way this development may be regarded as a factor that confronted the union leaders at the time the decision was made to organize the industry. It has been demonstrated, however, that the SWOC did exercise some control over this factor. The SWOC encouraged the company unions to become even more independent, and it was shown in Chapters II and III that the SWOC infiltrated the unions in order to win them over.

Big Steel, as reflected by the analysis of U. S. Steel, was seen as being affected by a number of internal and external elements in their decision to recognize the SWOC. Internally, the income prospects for U. S. Steel were very favorable provided production could be maintained. However, the growing independence and militancy of the company unions indicated that labor trouble might develop that would adversely affect these revenue expectations. It was also shown that the company may well have preferred to deal with a single union rather than a group of craft unions. Furthermore, Myron Taylor was apparently concerned about the public image of the company. He appeared anxious to avoid any unnecessary public dis-

play of the power of the firm that might become visible during a period of serious labor unrest. Taylor was also evidently interested in fulfilling his obligation to the stockholders of the company by avoiding anything that would diminish the profits of the firm.

External factors were also influential in U. S. Steel's decision process. It was demonstrated that the company had recently experienced encouraging economic conditions for the first time in years when the decision was made to recognize the SWOC. The legal structure and the political climate also affected the decision. It has been seen that these latter two factors were generally pro-labor.

The analysis presented in Chapter IV of the cost of resisting the union as compared to the cost of recognition and settlement revealed that the latter cost was the larger of the two. However, it was repeatedly demonstrated that when all of the factors are considered, U. S. Steel appears to have regarded union recognition to be no more expensive, and possibly far less so, than the potential costs associated with a refusal to recognize. It is thus evident that U. S. Steel was very much aware of cost and revenue data when the decision to recognize the SWOC was made.

The decision to resist the SWOC effort by Little Steel has been shown to be the result of internal and external influences affecting the decision process. The evidence submitted in Chapters II, III and IV indicate that the intense anti-union attitudes of the Little Steel leaders constituted a vitally important internal factor affecting their decision process. Furthermore, the company unions in Little Steel may well have been a bit more difficult for the SWOC to penetrate. It was shown, however, that this was in part but a reflection of the anti-union sentiments of the Little Steel

leaders as they dominated the control of the company unions. It is possible that some of the workers in the company unions were genuinely opposed to the SWOC as was indicated, but it appears clear that any and all anti-union traits inherent in the company union structure were exploited by the leaders of Little Steel.

The external factors affecting Little Steel were similar to those affecting Big Steel. That is, past economic conditions were bad, but improving, the laws affecting labor relations were the same, and the political climate was pro-labor. It is apparent that local political sentiments might have been, in part, anti-union. It was seen that this was exploited by Little Steel, and was a latent characteristic that Big Steel might have made use of had it chosen to do so.

The analysis presented in Chapter IV demonstrated that the cost to Little Steel in resisting the SWOC was considerable. The cost of maintaining the company unions, while not known precisely, may well have been high. The strike costs measured in terms of income effects were also sizeable, as was the known cost of implementing the Mohawk Valley Formula. While there is apparent doubt as to the number of firms making wage adjustments, at least some of the firms in Little Steel evidently granted their workers wage increases similar to those won by the SWOC in Big Steel. This was seen to be an additional cost to Little Steel of resisting the union. Finally, the NLRB award costs and the costs of lawsuits also represented expenses that were incurred by Little Steel as a result of the organization drive. The magnitude of these costs along with the other evidence examined, strongly suggests that Little Steel was not particularly concerned with cost and revenue data when they decided to resist the SWOC organiza-

tion campaign.

There are several prominent features revealed by the above analysis that serve to reinforce the initial observations made in this chapter. First, it is seen that all the participants were strongly goal oriented. The means selected to achieve the respective goals were a result not only of the goals themselves, but also of the internal and external factors affecting the decision process. It is also clear that, while cost and revenue data were given varying degrees of consideration by union and management, such considerations were not dominant in all cases. Therefore, there is reason to be very suspicious as to the extent to which parties in a union organization effort are interested in maximizing profits, sales, or revenue, and/or minimizing loss or dollar cost. That is, there arises a serious question about the degree of rational behavior that is present in a union organizing drive. Furthermore, it is evident that the complexity, diversity, and subjectivity of the factors that affect such behavior would generally defy quantitative measurement. It is apparent, therefore, that a meaningful theoretical framework must be able to cope with all the above elements if a thorough understanding of the participants' behavior is to be achieved.

It is apparent, however, that the relationship between the above elements and the participants themselves is fundamentally of an economic nature. For example, two central features of the SWOC effort, and of any union organization effort, are power and the threat of conflict. In a sense, the institutions thus involved are subject to economic analysis to the extent that the power and conflict are of an economic nature. Economic power is subject to certain qualifications, however. The clarification of

these qualifications is indicated in the following:

> Economics is the science of scarcity; scarcity gives rise to the dependence of the subject on certain quantities of goods. If these goods are in the hands of a seller who cannot be perfectly substituted by another seller, the buyer becomes dependent on the seller. The seller can exercise economic power by threatening to withhold the goods, that is to say, he is able to make the subject do things he would not have done otherwise. So economic power is controlled by two conditions; first, the dependence of the buyer who is to be subordinated to the seller; and second, a possibility for the supplier to withhold his offer or, more precisely, the buyer's belief, right or wrong, that this possibility exists. (51, p. 30).

In other words, the two parties involved must be in some way economically interdependent and interact in an imperfect market. One or both of the parties must also have the ability to withhold their goods or services or to instill the belief in their opponent that such can be done.

The power exercised or capable of being exercised by union and management in an organization effort is, by the above standards, basically economic. The union possesses economic power in that as it organizes the workers, management becomes increasingly dependent upon the union for labor and the union becomes increasingly able to threaten the withholding of that labor via a strike. Management similarly has such power in that the workers, whom the union is attempting to organize, are dependent upon management for employment and management may withhold employment via a lockout.

In addition, it has been observed that

> . . . goals, whatever their nature, are relevant to the economic problem whenever they involved the allocation of scarce resources. . .. (52, p. 8). (Emphasis mine.)

Clearly, the goal of a union to organize a firm, and the goal of a firm to either grant or refuse recognition of the union involves the allocation of scarce resources. Similarly, the means selected to attain these goals are

relevant to the economic problem since they too involve the allocation of scarce resources.

Thus, it is apparent that economic analysis may make a meaningful contribution to an understanding of behavior during a union organization effort.

## The Theoretical Analysis

The examination of means, goals, and external and internal factors presented so far suggest a framework useful for examination and generalization. This framework permits the incorporation of the above four elements in such a fashion that clarity is added to an understanding of the SWOC effort. To the extent that other union organization efforts involve similar elements, the framework provides a vehicle for understanding the behavior demonstrated.

The suggested analytical treatment of a union organization effort is as follows. Each of the principal parties involved in a union organization effort is seen as being a separate decision unit or system. The decision system is affected by internal and external forces, the selection of means, the relative rationality or irrationality of those means, and the goals of the system. Figure 1 on the following page is a diagram of a general symmetric decision system. It represents the decision system for one of the parties such as the union or management. The basic structure is similar to a set of parallelograms. The X gradient in the parallelogram Alpha refers to those external forces affecting the decision-maker's means and goal selection. To an extent, these external forces play a causal role in the ultimate goal selection as well as the means used to attain that goal. The I gradient in the system refers to the internal factors influencing the

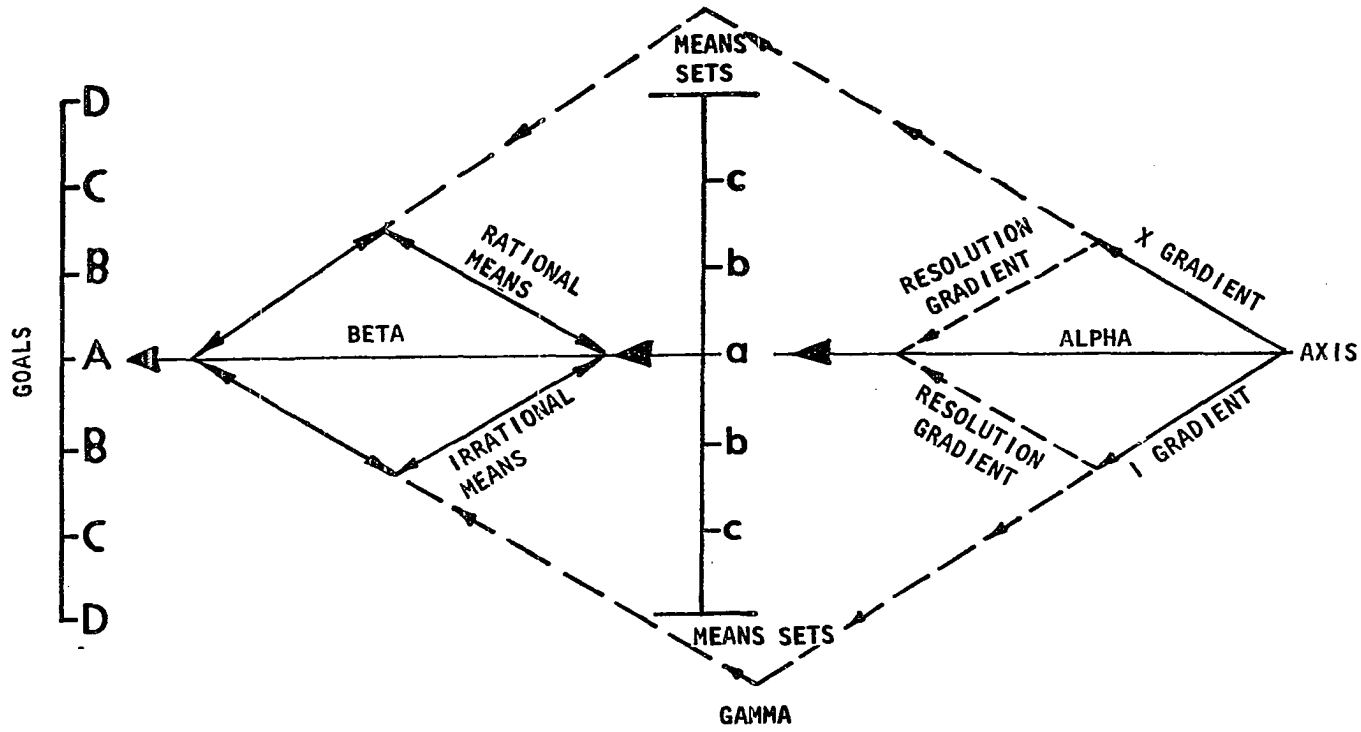


Figure 1. A symmetric decision system

decision-maker. The internal forces also play a causal role in the means and goal selection. The two resolution gradients in the system refer to the way the external and internal forces interact with one another in bringing about a means and goal selection.

Parallelogram Beta similarly related the relative rationality or irrationality of the means choice. The relative strength with which these two forces interact play a causal role in the goal selection. They do not, however, play the only such role. The larger parallelogram, Gamma, indicates that a causal connection also exists between the fundamental external and internal factors and the goal selection made by the decision-maker. The general direction of causality in the system is right to left. However, such a relationship is not absolute. It is conceivable that goal and means selection may also affect the relative strength of the I gradient.

The central axis to the system is seen as running through opposite corners of the big parallelogram Gamma and, similarly, through the opposite corners of the smaller parallelograms, Alpha and Beta. This axis is conceived of as being spatially finite. That is, it may be viewed not only as defining the general area of the framework in some finite fashion, but also may be used to denote the time horizon confronting the decision system.

The goal and means sets are symmetric about the central axis. That is, Means Set A and Goal A are positioned directly on the axis. Means Sets B and C, as well as Goals B, C, and D appear both above and below the axis. Thus, Means Set B lying <u>above</u> the axis is just like Means Set B lying <u>below</u> the axis; the same is true of Means Set C and for the Goals. In this fashion, it is irrelevant which side of the parallelogram Alpha is said to represent internal and external forces. It is equally irrelevant which

side of parallelogram Beta is said to represent rational or irrational means. This removes some of the arbitrariness of the system.

In such a framework a deterministic solution in terms of means and goal selection appears to be implied. This is misleading. The measurability of the I and X gradients' relative strength cannot be done in a quantitatively meaningful fashion. It may be concluded, however, that one gradient may have been, or is likely to be, more influential than the others. Thus, the selection of one means set becomes more probable[1] than the selection of another. The I and X gradients' effect on the goal selection is also probabilistic in the above sense, although in a more indirect fashion. That is, the effect of the internal and external factors on goal selection is modified by the means chosen to reach that goal as is shown in parallelogram Beta.

Similarly, parallelogram Beta is misleading. It appears to indicate a

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[1]The statement that the selection of one means set becomes more "probable" must be qualified. It is not intended that the term "probable" refer to statistical probability. The problems of making such quantitative measurements have already been discussed. What is meant is that one means set becomes more likely, reasonable, presumable, or understandable. Indeed, the means set may on occasion merely be more attractive or appealing. The same qualifications apply when the discussion centers on "probable" or "probabilistic" goals.

It may be that, given sufficient data about the past behavior of the decision system, some estimates of statistical probabilities might be incorporated into the theoretical framework. At the present time, however, a thorough search of the available literature indicates that there are no other existing analyses of behavior in a union organization drive sufficiently similar to the current one that would permit meaningful frequency estimates of the forms of behavior in such campaigns.

The term "probable" is used in lieu of the other alternatives because the writer feels that, despite its possible implications, it more clearly denotes the meaning of the analysis.

deterministic outcome. The relative strength of rational and irrational means cannot be measured with such precision. Again, an estimation of their relative strength may lead to a probable goal. That is, once an appraisal of the relative strength of the rationality and irrationality of the means set chosen is estimated, one goal becomes more likely than another. The direction of causality here is also from right to left. There is good reason to believe, however, that causality influences here are also occurring in the opposite direction as well. That is, the goal choice does play a role in determining the relative strength of the rational and irrational means selected. The effect of this interaction is not of great consequence until it is juxtaposed against another such framework constructed by an opponent.

It can thus be seen that the framework implies deterministic solutions which are not, in fact, the case. The system is capable of merely suggesting probable means set selections and probable goal selections. The direction of causality in the system is from right to left, but such causality is subject to the modifications discussed.

Manipulation of the general framework demonstrates the probabilistic nature of the model and its flexibility. Two examples are given here. Others may be conceived.

A skewed decision system with internal and irrational dominance is shown in Figure 2 on the following page. In this system, the internal factors are dominant over the external ones in parallelogram Alpha. This suggests that the Means Set B is a more likely result of the external and internal factor interaction. The Means Set B is, however, dominated by irrational activity or factors. In the current context, this would be taken to

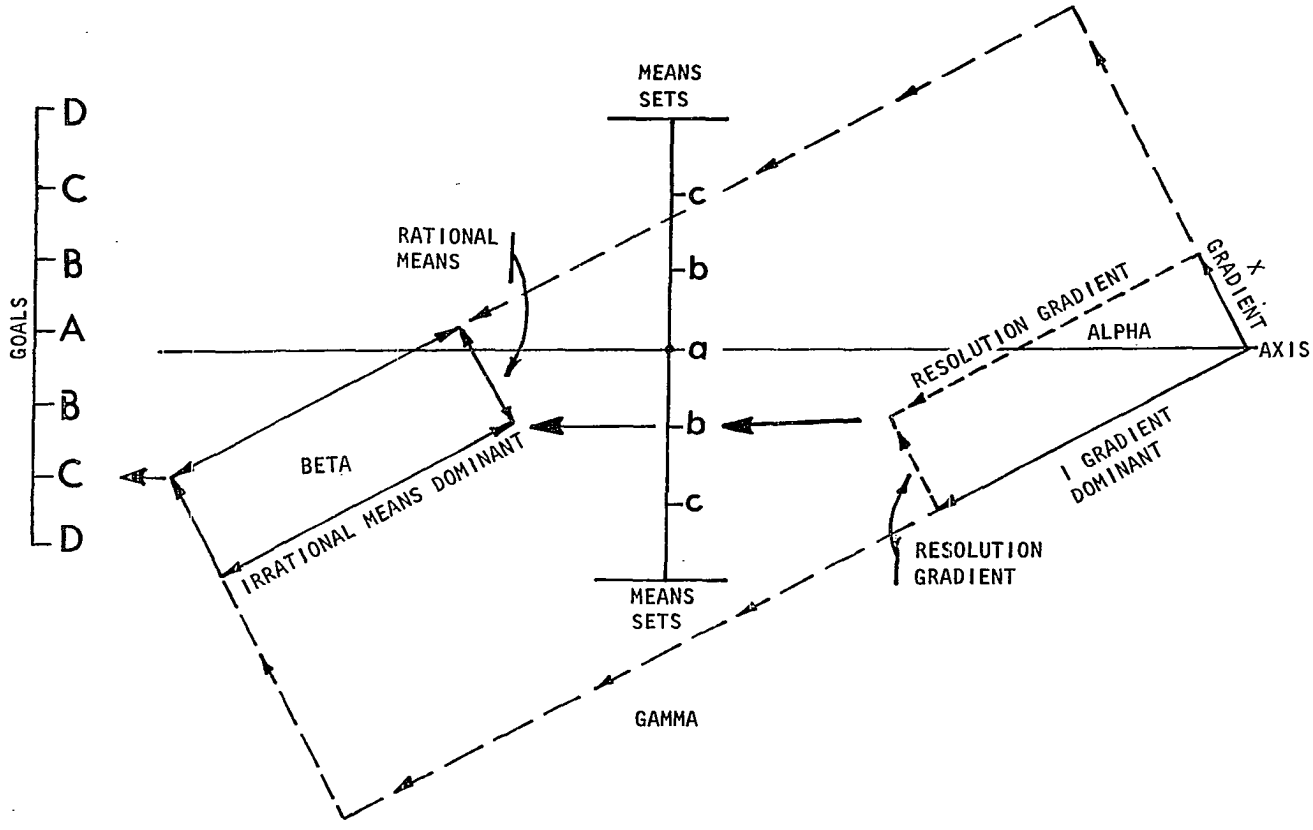


Figure 2. A skewed decision system with internal and irrational dominance

mean that the system is dominated by a lack of conscious and/or quantitative evaluation of economic data, and/or a lack of intent to maximize profit, sales, or revenue, and/or minimize loss or dollar cost. The Goal that becomes more probable is, thus, Goal C. Additionally, due to the suggested dominance, the more indirect influence of the internal factor is seen to reinforce the Goal selection. That is, the system is dominated as to Goal selection by the I gradient as well as the irrational means. The result is that parallelogram Gamma is greatly skewed. Goal C lies away from the center of the system.

Another possible manipulation also results in a skewed system. Figure 3 on the following page portrays a system with external and irrational dominance. In this system, the external factors are dominant over the internal ones in parallelogram Alpha. The result is the probable selection of Means Set B. The probable Means Set is dominated by irrational considerations. Due to this interaction and the interaction between the goal array and the means set, Goal B becomes more probable than the other possible outcomes. The probability of Goal B is reinforced indirectly by the external factors' dominance too. The goal selection indicated here is different than the one indicated by the previous system. In this current system, the external factors and irrational means are dominant such that the overall parallelogram Gamma is not as skewed as it was in the previous case. The result is a Goal selection only slightly removed from center.

Manipulation of the system can result in decision systems with external and rational dominance and with internal and rational dominance. Each of these systems would most likely result in goals somewhat removed from the center.

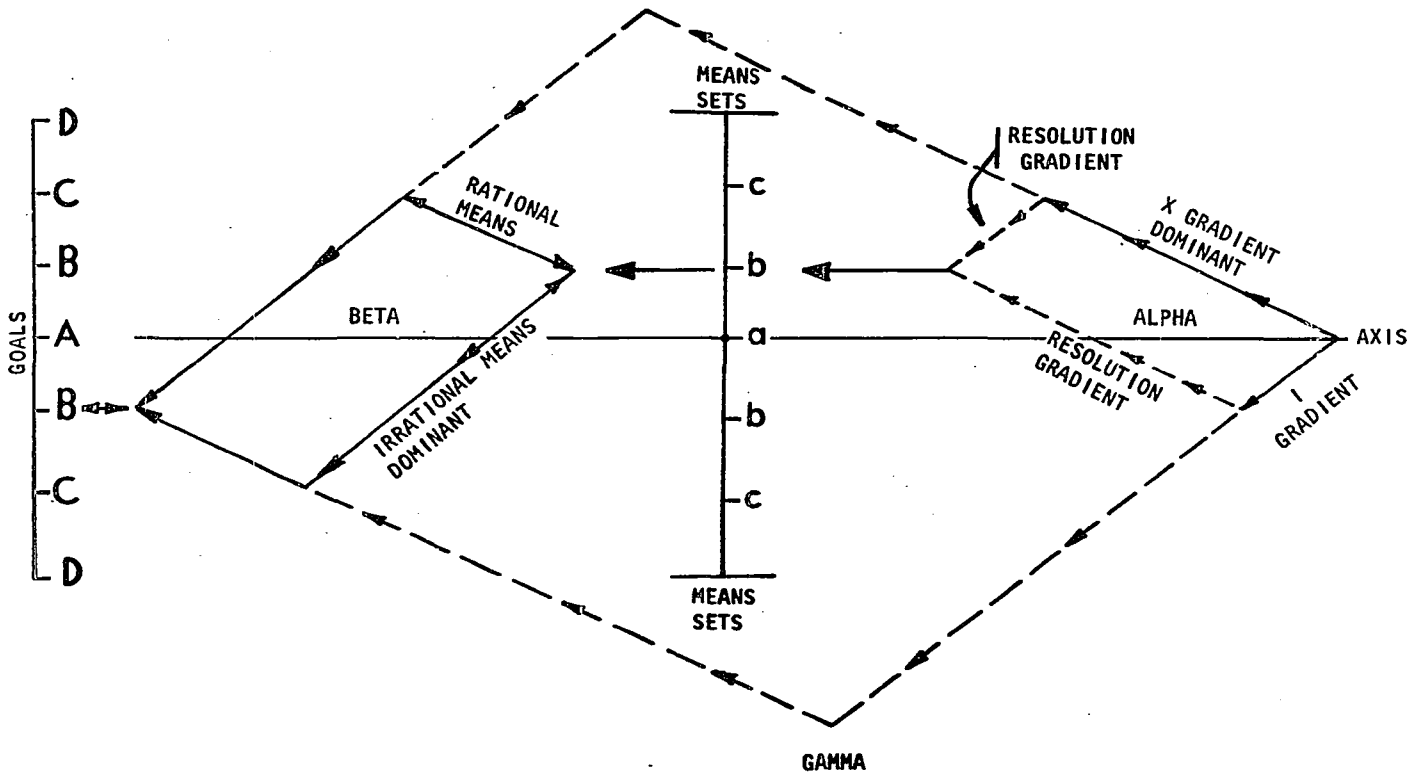


Figure 3. A skewed decision system with external and irrational dominance

The achievement of Goal A in the system is most probable when the system is not excessively dominated by any one set of factors. In fact, Goal A is seen as implying a definite symmetry in the system. That is, when the external and internal factors are about equal in influence, and when the means chosen represent, roughly, an equal amount of rationality and irrationality, Goal A becomes the most probable one. Parallelogram Gamma would be symmetric in this case as would parallelograms Alpha and Beta. Alpha and Beta could also be equal.

## The Application of the Decision System

The means and goals selected by the parties in union-management relations are a result of the forces shown in the decision system presented above. Each participant in such a relationship has his own particular decision system with its own set of internal and external factors, means that are rational and irrational, and goals. Industrial peace or industrial conflict is a question of the relative similarity of the goals of the parties.

An organization effort is, however, unique to other union-management relations in that one of the parties has only one meaningful goal. The union, attempting to organize the industry, has the founding of a union as that primary goal. There may be other outcomes, but they are to be avoided as far as the union is concerned. Management is in a different position. There are a number of goals that may appear to it as possible and, perhaps, equally acceptable. For example, management envisions the recognition of a union as one possibility, maintaining or creating a company union as another possibility, and no union at all as still another possibility.

Until the union presents an organizational threat to management, there

is no need for these two decision systems to interact overtly. When the union does threaten organization, however, the two decision systems confront one another and interact in such a way as to bring about industrial peace or conflict.

Industrial peace requires that the union and management have influences acting upon them in a similar fashion. In terms of the framework presented, the two decision units must arrive at an essentially similar goal selection. Since the union has only one relevant goal, the forces acting on management must make that goal more attractive than any of the other possible ones.

For the sake of simplicity, let Goal A in the goal array represent union recognition. It has been seen that for Goal A to be likely, a definite symmetry is implied in the system. That is, the system is not excessively dominated by any one set of factors. A peaceful resolution of the organization attempt is seen to require that parallelogram Gamma for management be similar to parallelogram Gamma for the union. Such a situation is depicted in Figure 4 on the following page.

Since the goal is the same in the systems depicted, conflict does not result as the two decision units interact. There is a behavioral equilibrium. The equilibrium that results is a lasting one as long as nothing disturbs the symmetry of the two systems. Should management later appraise the situation differently, such that other goals become more attractive, then conflict will result. It is feasible, theoretically anyway, that the same sort of reappraisal could lead the union to a different goal selection too.

It is emphasized that the basic requirement for industrial peace and a

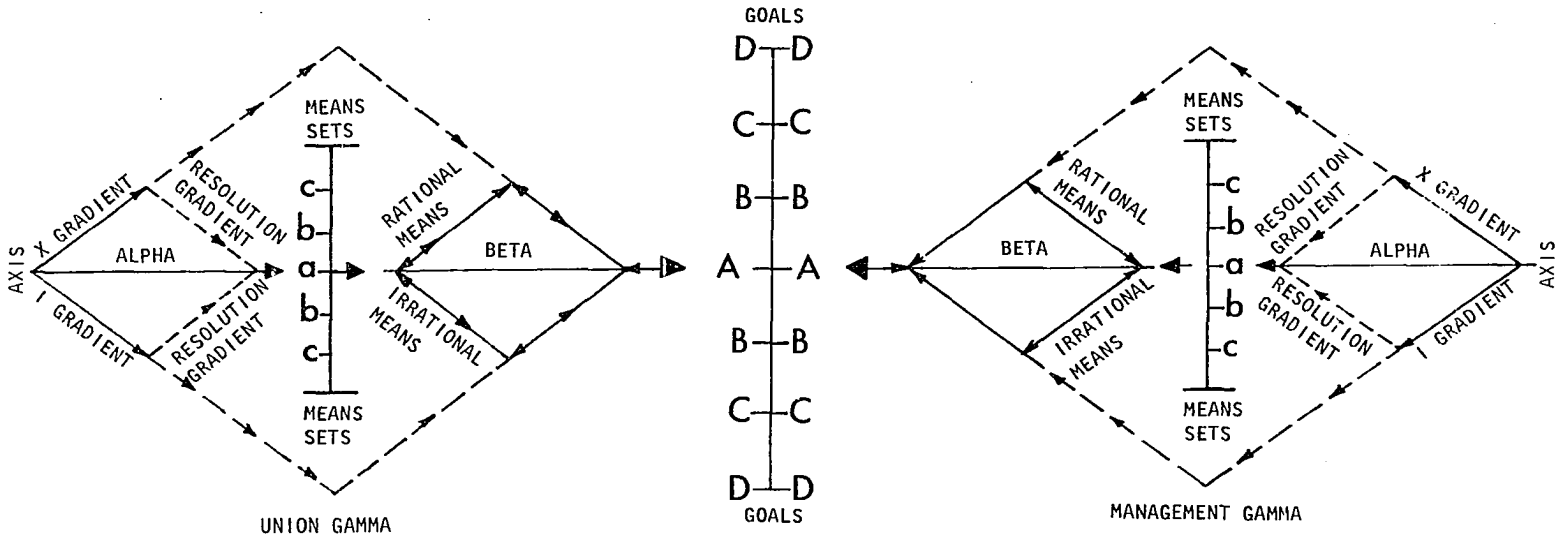


Figure 4. Symmetric union-management decision systems. Agreement results

behavioral equilibrium is that both the union and management decision systems are so affected that they agree on the same goal. The above specification of Goal A as representing union recognition was an arbitrary one. Union recognition might just as well be represented by Goal B, C, or D. Thus, even if the internal parallelograms Alpha and Beta were not symmetric within the decision systems or between them so that the respective Gamma parallelograms for union and management were skewed, this would not necessarily affect the outcome. Each decision system could be dominated by internal or external factors and/or by rational or irrational means choices and there could still be a common goal indicated and an equilibrium. Such skewed systems have been portrayed in Figures 2 and 3. What is important insofar as agreement on the same goal is concerned is that the degree of skewedness be roughly similar or equally offsetting between the two decision systems.

For example, assume that the union's decision system Gamma is skewed like the one in Figure 3 because of external factor dominance and irrational means dominance. Further assume that Goal B represents union recognition. Equilibrium between union and management could still result if the management decision system Gamma was skewed in either of the following two ways. First, equilibrium between the two decision systems would result if the management Gamma was similarly skewed due to external factor dominance and irrational means dominance so that Goal B resulted. Equilibrium between the two decision systems would also result if the management Gamma was equally skewed in the opposite direction so that Goal B above the axis resulted. This could happen, for example, if the management system was sufficiently dominated by internal factors and rational means choices. It

is evident then that any number of combinations of internal and external dominance and/or rational and irrational means dominance could exist in the decision systems and still result in equilibrium between the two systems.

The analysis of the union organizing drive in Big Steel, particularly U. S. Steel, suggests that a basic symmetry or offsetting skewedness did exist between the decision systems of union and management. It appears reasonable to assume that the decision systems interacted in a fashion similar to that depicted in Figure 4. It has been seen, however, that it is not necessary that the units appear exactly like those in Figure 4.

It has been observed that separating the internal and external factors affecting the union is a difficult task in this instance. Yet, a reasonable degree of equality in the factors affecting the union's decision system may well have existed. There was, of course, the very strong commitment by John L. Lewis to organize the steel industry that internally affected the decision system. However, there were a number of factors that were at least partially identifiable as external that may well have equally influenced the decision process. While the decision may have reflected only secondary attention to cost and revenue data, it has been demonstrated that the effort could have been self-supporting or even profitable. Thus, irrational behavior within the system may have been equally offset by rational behavior when the decision was made.

The internal and external factors affecting U. S. Steel may also have affected the decision system in an equal fashion. It has been shown that the company was internally influenced by income prospects, a company union rebellion, the possible preference for dealing with a single union, and the concern about the public image of the firm. Externally the company was

affected by past revenue data, the existing legal structure, and the political climate. Furthermore, though the cost of settlement was higher than the cost of resistance up to that time, it has been shown that there was considerable concern about cost and revenue data.

Irrespective of the exact weight of these factors, it is apparent that some sort of fundamental symmetry existed between the two decision systems. It is possible that the systems were skewed, but they still were sufficiently affected by internal and external factors and/or rational or irrational means choices that the resulting goal was the same.

Industrial conflict results when the goals of the participating decision units are different. This is a result of a distinct difference between the probable goals of the parties involved. In terms of the framework, the cause of conflict is a result of a lack of symmetry or offsetting skewedness between the two decision units or between their respective Gamma parallelograms. This lack of symmetry, suggesting different probable goals, results in a behavioral disequilibrium. Such a situation is depicted by Figure 5 on the following page.

The situation depicted again shows a basically symmetric Gamma parallelogram for the union. That is, all causal elements are directed toward Goal A which again is assumed to represent union organization of the industry.

Management has a different goal indicated as most probable. That is, the causal forces represented by parallelograms Alpha and Beta are such that the Gamma parallelogram is skewed. In this case, a different goal selection is indicated.

Since symmetry or offsetting skewedness is absent between the two de-

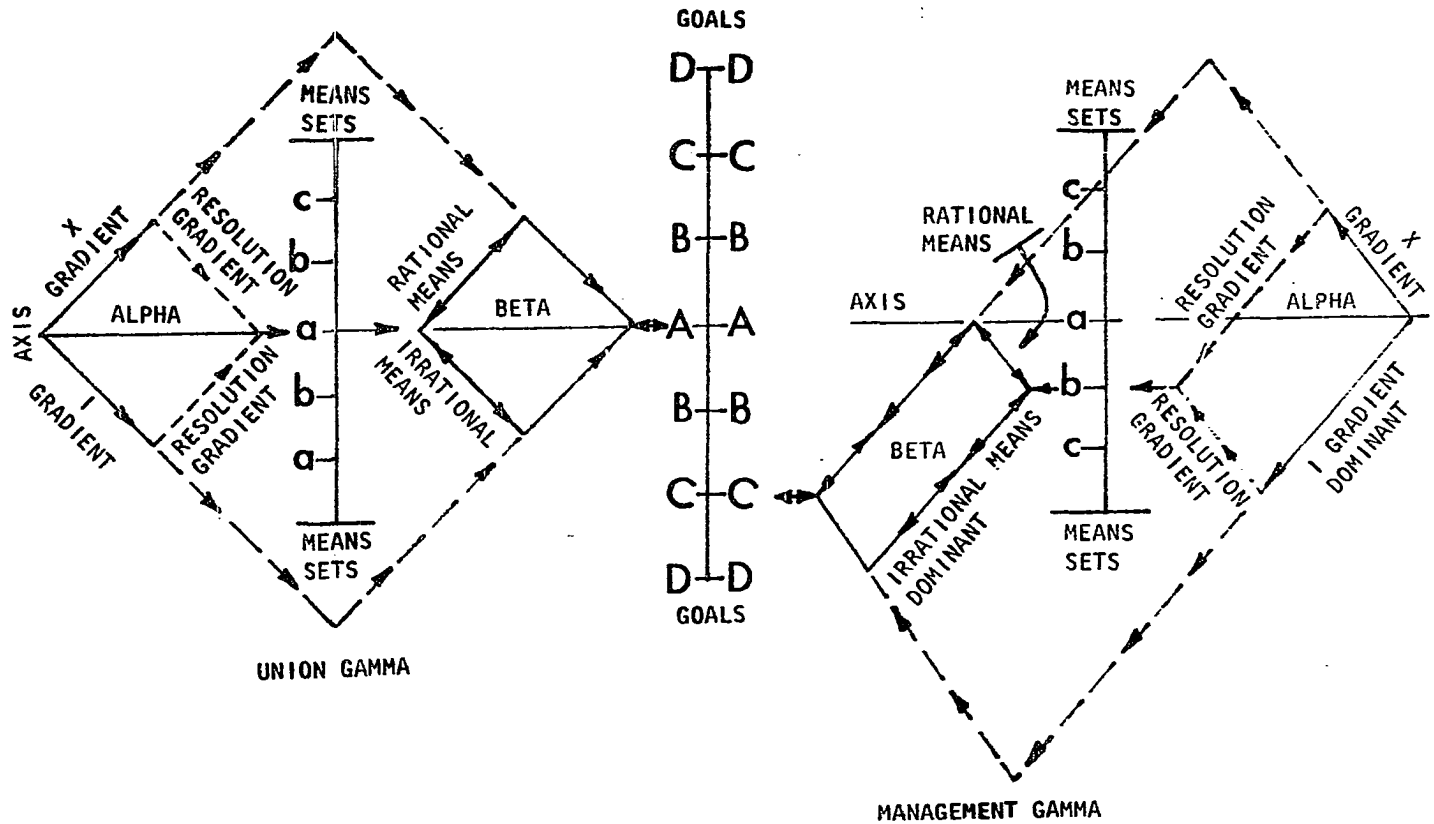


Figure 5. Unsymmetric union-management decision systems. Conflict results

cision systems, conflict results. There is no behavioral equilibrium. In the system portrayed, management's decision system is such that the internal forces outweigh the external and irrational means are dominant over the rational means. The result is a disequilibrium. The resulting goal for management is unlike that of the union. There is a refusal to recognize the union.

Again, it is of no significance that the union is said to be attracted to Goal A and that management is caused to pursue Goal C. The respective goals could well be depicted by some other goal on the scale. What is important is that the respective Gamma parallelograms are neither symmetrical nor of offsetting skewedness.

The behavioral disequilibrium means that the respective systems will be in a constant state of change. The unique element of a union organization effort is, however, that the goal selection of the union will most probably remain constant. That is, organization of the industry will still be their goal. The union's strategy in such a situation will be focused on changing the Alpha and Beta parallelograms of management. By trying to influence the external and internal factors, the union will try to change the overall skewedness of management's parallelogram Gamma. The union may also try to influence the strength of the Beta system of management as well by adding to or weakening the relative strength of management's rational or irrational means. All of this manipulation would hopefully remove the skewedness of management's decision system or make it of corresponding offsetting skewedness so that ultimately there will be symmetry or offsetting skewedness between the two systems. With such an accomplishment, management's probable goal will be equal to the union's goal of recognition

and the behavioral disequilibrium will be removed.

Some tactics or means that the union might adopt to alter the Alpha and Beta parallelograms of the management system are immediately evident. The unions might attempt to affect the external factors influencing management by trying to make the legal structure more pro-labor. The union might also attempt to make the political climate more sympathetic to organized labor. Internally, the union may endeavor to make the revenue prospects of the firm diminish if the company refuses recognition, or they may adopt an educational program designed to make the union more attractive to both management and the worker. The union may also try to convince management that additional efforts to resist the union would be extraordinarily expensive.

The behavioral disequilibrium in a situation of conflict will also be acted upon by management. Management may try to influence the Alpha and Beta parallelograms in the union's decision system. Symmetry or offsetting skewedness between the systems is the hoped for result. Management faces the task, however, of making alternative goals such as a company union or no union at all, acceptable to the union. While this is not a theoretical impossibility, it is not probable.

Tactics that management might adopt are equally evident. There may well be an effort to change the legal structure, political climate, and/or the image of the union so that those external influences to the union become discouraging. The firm may also attempt to impress the union with the idea that continued organization efforts would be enormously expensive. Additionally, the company may attempt to elevate its own image and/or lower that of the union through some system of community education or indoctrination.

The outcome of such behavioral conflict where the decision systems are in disequilibrium is fundamentally a function of each system's ability to effectively employ economic power. That is, the ability of either system to make the opponents decision system symmetric or of offsetting skewedness depends ultimately on the effectiveness of the union's ability to withhold labor via a strike or the company's ability to conduct a prolonged lockout. The use of such economic power does then affect the relative magnitude or weight of each decision system's Alpha and Beta parallelograms.

The analysis presented in the case study of the SWOC-Little Steel effort supports the conclusion that a lack of symmetry or offsetting skewedness existed in the decision systems. If we assume that the union's decision system was similar to that depicted in Figures 4 and 5, then the management decision system portrayed in Figure 5 is revealing. It has been shown that Little Steel was greatly influenced by the internal factor of a strong anti-union sentiment on the part of the leaders of Little Steel. This internal influence was reinforced, in part, by the resistance of the company unions in Little Steel to the SWOC efforts. This does not mean that Little Steel was completely unaffected by external factors. It has been shown, however, that Little Steel was dominated by internal considerations because the external factors of a pro-labor legal structure and political climate appear to have been largely ignored by Little Steel. In addition, the decision by Little Steel to resist the SWOC effort has been shown as being made without any particular consideration of cost and revenue data. For example, the adoption of the Mohawk Valley Formula as a means to thwart the union organization drive indicates that the firms were

not concerned about such data. To the extent that Little Steel granted wage increases similar to those won by the SWOC in Big Steel, the means chosen to resist the union also reflect irrational behavior since cost and revenue data must have played a subordinate role.

Irrespective of any debate over the exact position of the management and union parallelograms, one characteristic is obvious; there was no fundamental symmetry or offsetting skewedness between the systems. Hence, conflict was inevitable.

## Conclusion

The traditional test of the merit of a theoretical statement is that of its capacity to make predictions. The framework presented is largely untested in this respect. It may be that, given a sufficient number of studies of union-management behavior in an organization campaign similar to the one conducted here, meaningful estimates of the probability of a particular outcome could be made. At the present time, however, such measurements of the factors playing a significant role in the dynamic behavior involved in union-management behavior in an organizing campaign are not available nor do they appear possible within the current state of the behavioral and social sciences. This is not the fault of the decision system, however.

The questionable predictive capability of the model and the lack of meaningful measurement capacities should not detract overly from the framework's merits. It does provide a means for the analysis of events within the proper sphere of economics. It permits the many factors affecting behavior to be categorized and placed in their proper perspective. It demonstrates the interrelationship among all the factors influencing eco-

nomic behavior. It allows for irrational behavior. It demonstrates the need for a fundamental symmetry or offsetting skewedness between overall decision units if a peaceful settlement is to result. The framework demonstrates that a lack of such similarity between the decision units will result in conflict. The conflict is seen to continue until such symmetry or offsetting skewedness is restored between the systems. The framework does, therefore, aid in clarifying the situation confronting institutional units engaged in the exercise of economic power.

# CHAPTER VI. CONCLUSION

## Summary and Findings

It was observed at the beginning that a study of union-management behavior during a union organization drive raises a fundamental question regarding the extent to which rational behavior tends to dominate the decisions made. In order to investigate behavior in this phase of union-management relations, the SWOC effort to organize the steel industry was reviewed and analyzed. It was demonstrated that the SWOC campaign was a particularly valuable case to examine because it was of considerable importance in the history of the labor movement; the effort involved powerful opponents; there was a distinct difference in the ways the firms in the industry reacted to the union; and, there appeared to be evidence that irrational behavior was present during the drive. The case selected thus permitted an analysis to be made that might better reveal those forces that influence union-management behavior in such an encounter.

After reviewing the principal events in the SWOC drive, a methodical institutional examination was presented as a first step in the economic analysis. The object of the institutional analysis was to delineate all the important influences affecting the participants in the union organizing effort. Once the important factors were isolated, an effort was made to categorize them for the firms involved in the drive, and later, to the extent possible, for the union. It was shown that there are many factors affecting union-management behavior in an organization effort that to an extent are exogenous to the decision process, and/or are factors over which the firm or institution has no direct control. Additionally, it was demon-

strated that there are internal elements that affect behavior that are endogenous, and/or are elements over which the firm or institution may exert some control.

The cost of the organization drive was examined separately in an effort to determine the degree to which the participants in a union organizing drive appear to be influenced by such data. This was the second step in the economic analysis. It was demonstrated that estimating or calculating dollar cost and revenue data is an extremely difficult task. The reasons for that difficulty were presented and were seen to be reinforced by the writer's more recent experience in attempting to make similar estimates. There is merit in making such estimates provided that we are aware of the inadequacies of the data. The estimates can provide a clue about the attention given to cost and revenue data by the participants in the organizing drive. It was thus shown that the cost and revenue analysis tended to lend additional support to the findings of the institutional analysis. That is, there emerged evidence to support the contention that irrational behavior was to some extent present in the behavior of some of the participants in the drive.

Finally, a new theoretical framework that is useful for examining union-management behavior during an organization campaign was developed. It was demonstrated that several very profound problems confront the researcher in the development of such a model. The analysis of the SWOC effort confirmed the existence of those problems. It was also shown that the relationship that exists between the participants in a union organizing campaign remains fundamentally economic in nature, and that economic analysis may thus contribute to an understanding of that behavior.

The theoretical framework that was developed as a result of this study is unique. It is possible for external and internal factors that affect the decision process in a union organization drive to be incorporated within the model. Quantitative measurement of the exact magnitude of the internal and external factors remains a problem at the present time, but the model permits them to be included as they must be if a meaningful framework is to result. It is also possible to estimate their respective influences on the decision process. The model permits irrational as well as rational behavior to affect the decision system, but again quantitative measurement is a problem. The model can cope with disequilibria, and since it demonstrates the interrelationship among all the factors that influence economic behavior, it has been shown that it provides a device for understanding how equilibrium may come about. This new framework thus provides the scholar with a valuable tool for understanding union-management behavior in an organization drive.

## Recommendations for Further Studies

It has been noted that the theoretical framework developed in this study is untested in its predictive capacity. Until more data becomes available about the behavior of unions and management during an organizing drive, this feature of the model cannot be tested.

It has been shown that the nature of union-management relations during the organizing phase of their relationship is such that meaningful analyses require interdisciplinary efforts. The data needed for a thorough understanding of such behavior would thus have to be accumulated through the close cooperation of a number of the disciplines in the behavioral and social sciences.

The following suggestions represent a few of those areas where the writer concludes that additional study needs to be done. There is a need for more meaningful financial data concerning union organizing campaigns so that a more precise determination of the degree of influence of cost and revenue data on the decision systems can be made. There is also a need for improved historical record keeping so that factors influencing behavior may be more precisely delineated. Finally, there is a need for better data on the personality characteristics of leading figures in organized labor and management. These suggestions, while not exhaustive, demonstrate that each related discipline has an important contribution to make toward a better understanding of behavior in union-management relations.

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